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Supreme Court, U.S.
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In The

Supreme Court of the United States

ECHOSTAR COMMUNICATIONS CORPORATION, ET AL.,

Petitioners,

v.

TIVO, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

PETITION FOR A WRIT OF *CERTIORARI*

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QUESTION PRESENTED

Whether the Federal Circuit's adoption of a patent-specific, categorical rule of evidence that prohibits a defendant from introducing expert testimony about key contradictions between the testimony of the plaintiff's infringement expert and the plaintiff's validity expert regarding the scope of the patent claims, conflicts with the standards under the Federal Rules of Evidence on relevance and admissibility in the other courts of appeals and this Court's admonition in *eBay v. MercExchange, L.L.C.*, 547 U.S. 388 (2006), that any departure from the ordinary rules of procedure for patent cases must be justified by an act of Congress.

PARTIES TO THE PROCEEDING

Petitioners are EchoStar Communications Corporation, EchoStar DBS Corporation, EchoStar Technologies Corporation, Echosphere L.L.C., and EchoStar Satellite L.L.C.

Respondent is TiVo, Inc.

RULE 29.6 CORPORATE DISCLOSURE STATEMENT

DISH Network Corporation (formerly known as EchoStar Communications Corporation), a publicly traded company, is the parent corporation that holds, indirectly and through a series of wholly owned entities, 100% of the stock or membership interests of EchoStar DBS Corporation, Echosphere L.L.C., and EchoStar Satellite L.L.C. (now known as Dish Network LLC). Depending on the method used to calculate percentage of ownership, Fairholme Capital Management LLC could be construed to own 10% or more of the stock of Dish Network Corporation. Specifically, the stock of DISH Network Corporation is comprised of class A and class B stock. Each share of class A stock entitles its owner to one vote with respect to corporate governance; each share of class B stock entitles its owner to ten votes. If ownership of either class is sufficient, then Fairholme Capital Management LLC could meet the disclosure threshold of Rule 29.6. EchoStar Corporation, a publicly traded company, is the parent corporation that holds, indirectly and through a series of wholly owned entities, 100% of the membership interests of EchoStar Technologies Corporation (now known as EchoStar Technologies L.L.C.).

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PETITION FOR A WRIT OF *CERTIORARI*

EchoStar Communications Corporation, EchoStar DBS Corporation, EchoStar Technologies Corporation, Echosphere L.L.C., and EchoStar Satellite L.L.C. respectfully petition for a writ of *certiorari* to review the judgment of the United States Court of Appeals for the Federal Circuit.

OPINIONS BELOW

The opinion of the United States Court of Appeals for the Federal Circuit (App., *infra*, 1a-46a) is reported at 516 F.3d 1290 (2008). The Amended Final Judgment and Permanent Injunction of the United States District Court for the Eastern District of Texas (App., *infra*, 47a-50a) is unreported.

STATEMENT OF JURISDICTION

The court of appeals entered its judgment on January 31, 2008. A petition for rehearing and rehearing *en banc* was denied on April 11, 2008. App., *infra*, 51a-52a. The Chief Justice, on June 27, 2008, granted an extension of time within which to file a petition for a writ of *certiorari* to and including August 11, 2008.

This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1).

STATUTORY AND CONSTITUTIONAL PROVISIONS INVOLVED

Article I, Section 8, clause 8, of the Constitution gives Congress the power "[t]o promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

The relevant Rules of the Federal Rules of Evidence are set forth in the appendix to this petition at App., *infra*, 53a-54a.

INTRODUCTION

In *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, 509 U.S. 579 (1993), this Court ruled that the plain language of the Federal Rules of Evidence, not court-made rules by the various courts of appeals, dictate the standards for admissibility of expert testimony in trials in federal district courts across the nation. The Federal Circuit here, however, created its own categorical rule of exclusion for certain types of expert testimony without regard to the relevance and admissibility standards of the Federal Rules of Evidence.

This Court's plenary review is necessary because the Federal Circuit's categorical rule sharply tips the balance in favor of a patent holder to obtain a verdict of infringement based on an expansive reading of the court's claim construction which should render the patent invalid. In this case, the patent holder's expert

on infringement relied on a broad interpretation of the patent's claims to convince a jury that the accused device infringed upon the patent. At the same time, the patent holder's expert on validity relied on a different, narrow interpretation of the same claims to convince a jury that that patent was valid. Petitioners' expert was not permitted to introduce evidence on this contradiction because the Federal Circuit held that an expert's testimony is categorically limited to the claims as construed by the court and cannot challenge the views of any other expert regarding their reading of the claim construction. Petitioners were not even permitted to elicit testimony in the cross-examination of respondent's experts that would have shown the contradictory positions respondent's experts were taking.

The Federal Circuit's evidentiary rule undermines a fundamental tenet of patent law: that the reading of the claims of a patent must be consistent when the claim is compared to the accused device for infringement purposes and when the claim is compared to prior art for invalidity purposes. This tenet precludes a plaintiff from introducing an expansive view of the construed claims to encompass the accused device to prove literal infringement, and then simultaneously introducing a narrow view of those same claims to avoid prior art that would render the patent invalid. The Federal Circuit's ruling defies this tenet and establishes binding precedent that allows plaintiffs to introduce just this

type of contradictory expert testimony, yet immunizes such testimony from challenge by the defendant's own expert testimony or by cross-examination of plaintiff's experts to show that the patent in question is either not infringed or not valid under plaintiff's own evidence.

The consequences of this ruling are significant and undermine the core purpose of the Patent Act, which is to foster innovation. The success of the patent infringement plaintiff will come not as a reward for innovation, but as the result of a misguided, patent-specific evidentiary rule that permits a patent holder to manipulate the scope of the exclusive rights conferred by his patent to meet self-serving litigation needs, in this case resulting in a jury award of over $73 million and a potentially business-altering permanent injunction.

STATEMENT OF THE CASE

1. Statutory And Regulatory Framework

a. Patent protection, authorized by the Patent Clause, U.S. Const. art. I, § 8, cl. 8, has long been essential to innovation that is critical to the advancement and well being of the Nation and its citizens. Patent rights conferred by Congress under the Patent Act provide inventors with the exclusive right, for a limited term, to exclude others from making, using, or selling the patented invention without authorization from the patent holder. 35 U.S.C. § 271.

This exclusive right conferred by the patent laws is a "property right" and, therefore, a patent's "boundaries should be clear." *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 730 (2002). "A patent holder should know what he owns, and the public should know what he does not." *Id.* at 731. Such precision and clarity provide a necessary "balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the 'Progress of Science and useful Arts.'" *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989).

The Patent Act thus requires inventors to describe their work in detail in a "specification" section of their patent application (which becomes the patent). The specification in a patent must "contain a written description of the invention, and of the manner and process of making and using it" in "full, clear, concise, and exact terms." 35 U.S.C. § 112. "The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." *Ibid.*

The language of the claims that are enumerated in a patent specification is the measure of the exclusive right conferred by the patent. 5A Donald S. Chisum, *Chisum on Patents: A Treatise on the Law of Patentability, Validity and Infringement* § 18.01, at p. 18-6 (2007). The claims stake out the metes and

bounds that define the scope of the patent. *Brenner v. Manson*, 383 U.S. 519, 534 (1966).

b. In order to enforce the exclusive rights of a patent in an action for infringement under 35 U.S.C. § 271, a patent holder must prove that his patent "'covers the alleged infringer's product or process,' which in turn necessitates a determination of 'what the words in the claim mean.'" *Markman v. Westview Instruments, Inc.*, 517 U.S. 370, 374 (1996) (quoting H. Schwartz, *Patent Law and Practice* 80 (2d ed. 1995)).

In other words, because the claims in the patent establish the scope of the exclusive rights conferred by the patent, an interpretation of the claims that the holder alleges were infringed is necessary to determine whether an accused device infringes upon that patent. *Phillips v. AWH Corp.*, 415 F.3d 1303, 1312 (Fed. Cir.) (en banc) ("It is a 'bedrock principle' of patent law that 'the claims of a patent define the invention to which the patentee is entitled the right to exclude.'" (quoting *Innova/Pure Water, Inc. v. Safari Water Filtration Sys., Inc.*, 381 F.3d 1111, 1115 (Fed. Cir. 2004)), *cert. denied*, 546 U.S. 1170 (2005).

One of the substantive defenses that defeats a suit for infringement also necessitates interpretation of the claims that were allegedly infringed. An alleged infringer can preclude enforcement of a patent against otherwise infringing conduct if the alleged infringer demonstrates that the patent claim is invalid. One of the grounds for invalidity is that the

claim was not sufficiently novel and, in fact was obvious or anticipated by prior art and thus did not meet the requirements for the grant of a patent. *SIBIA Neurosciences, Inc. v. Cadus Pharm. Corp.*, 225 F.3d 1349, 1355 (Fed. Cir. 2000); *Smiths Indus. Med. Sys. v. Vital Signs, Inc.*, 183 F.3d 1347, 1353-1354 (Fed. Cir. 1999).

A patent claim must be construed *consistently* for these two purposes of infringement and invalidity. This Court has made clear that an inventor cannot narrow the claims of his invention to avoid prior art in order to be granted a patent, and then expand those same claims in a later action for infringement to encompass abandoned "subject matter covered by the original, broader claim." *Festo*, 535 U.S. at 727; *see also Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001).

c. Guidance in the form of expert testimony is almost always required in a patent case to assist the jurors with the difficult task of comparing a patent's claims to the accused device for infringement and comparing those claims to the prior art for invalidity. 5B Chisum, *supra*, § 18.06[1][d][ii], at p. 18-1184.24. Indeed, in cases involving complex technologies, expert testimony is often a prerequisite to the resolution of factual questions regarding infringement or noninfringement, particularly where the other party or parties to the dispute introduce the testimony of an expert. *Centricut, LLC v. Esab Group, Inc.*, 390 F.3d 1361, 1369-1370 (Fed. Cir. 2004), *cert. denied* 546 U.S. 814 (2005) (holding that the

plaintiff's failure to introduce expert testimony in response to the defendant's expert was fatal).

Rule 702 of the Federal Rules of Evidence provides that expert testimony is admissible if it is reliable and "will assist the trier of fact to understand the evidence or to determine a fact in issue." Fed. R. Evid. 702.

The Federal Rules of Evidence broadly dictate that evidence is relevant if it has "any tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence." Fed. R. Evid. 401. The Rules further state that "[*a*]*ll* relevant evidence is admissible, except as otherwise provided by the Constitution of the United States, by Act of Congress, by these rules, or by other rules prescribed by the Supreme Court pursuant to statutory authority." Fed. R. Evid. 402 (emphasis added). And the Rules provide that relevant evidence, including relevant expert testimony, "may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence." Fed. R. Evid. 403.

2. Factual And Procedural Background

Respondent TiVo manufactures and sells digital video recorders (DVRs) and provides DVR-related services to consumers. Petitioner EchoStar entities include a satellite carrier with more than 13.7 million subscribers to its satellite services. Petitioners' satellite subscribers receive set-top boxes, and certain set-top box models have DVR functionality.

a. Respondent TiVo holds United States Patent No. 6,623,389 (the '389 patent), which issued in 2001 and is entitled "Multimedia Time Warping System." *See* C.A. J.A. 361 (U.S. Patent No. 6,623,389).

The '389 patent relates to the "time shifting" of television broadcast signals, which refers to the ability to record a television program as it is being watched so that a viewer can pause, rewind, or fast-forward *live* television, as opposed to video cassette recorders that allow live recording and review but not the other tasks until after completion of recording. According to the '389 patent, the "invention relates to the real time capture, storage, and display of television broadcast signals." *Id.* at 375.

Respondent did not create, and does not claim to have created, the first DVR. Rather, the '389 patent acknowledged the prior invention of digital computer systems to record and play back concurrently television programming using hard disk storage. The '389 patent claims to improve upon that prior invention with an implementation requiring less

processing power, which is therefore less expensive to mass manufacture.

b. In 2004, respondent filed suit against petitioners in the United States District Court for the Eastern District of Texas, alleging that certain of petitioners' EchoStar DVRs infringe some of the claims of respondent's '389 patent. App., *infra*, 2a-3a. Petitioners denied infringement. Petitioners also countered that the asserted '389 patent claims were invalid because, if the claims were as broad as respondent contended they were to make their case of infringement, then the claims were anticipated by the prior art, obvious, and non-patentable. Pursuant to *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), the district court held a pre-trial hearing and issued a claim construction order.

At trial, petitioners and respondent both introduced expert testimony on the issues of whether petitioners' devices infringed the '389 patent and whether the '389 patent was invalid because it was anticipated or rendered obvious by the prior art.

With respect to infringement, the parties' infringement experts testified as to whether the accused EchoStar DVRs practiced the asserted claims of the '389 patent according to the construction of the claims that the district court had given. As is typical in patent infringement suits, respondent TiVo's expert witness on infringement, Dr. Jerry Gibson, testified as to the meaning of the court's claim construction and the meaning of terms that the court

did not construe in comparing the patent claims to the accused EchoStar devices to opine that the latter infringed on the former. Dr. Gibson compared the claims to certain aspects and features of the accused devices, and thus explained his own reading of the construed claims and testified that the aspects and features of the EchoStar DVRs fall within and infringe the TiVo patent claims.

With respect to invalidity, however, respondent TiVo's invalidity expert, Dr. James Storer, relied on a different, and contradictory, analysis of the construed and unconstrued claims when testifying that the '389 patent's claims were valid and not anticipated or rendered obvious by the prior art. For example, although Dr. Gibson testified that for infringement the claimed "simultaneous storage and play back" occurs when a device records one program and plays back a different program at the same time, Dr. Storer distinguished the prior art systems that did just that by opining that "simultaneous storage and play back" requires the ability to record and play back *the same program* at the same time. Tr. Mar. 30, 2006, afternoon sess., at 81:9-22; Tr. Apr. 11, 2006, morning sess., at 37:21-40:10.

With respect to the claim term "transform object," Dr. Gibson testified on infringement that the accused EchoStar DVRs satisfied this limitation because they have software that stores and retrieves data on a hard disk and "transforms" the data with respect to time (by allowing it to be viewed later) and form (by allowing frames to be skipped in

fast-forward mode). Tr. Mar. 30, 2006, morning sess., at 37:5-40:23. Dr. Storer, however, testified as to validity that a particular prior art system did not have a "transform object" because it did not permit a user simultaneously to record and play back live television. Tr. Apr. 11, 2006, morning sess., at 58:3-10.

Dr. Gibson and Dr. Storer likewise testified inconsistently regarding the claim term "Media Switch." In its claim construction order, the district court held that the Media Switch is the "hardware and/or code that mediates between a microprocessor CPU, hard-disk or storage device, and memory." Dr. Gibson identified software running on the system CPU in EchoStar devices as performing functions of the Media Switch required by the patent claims. Tr. Mar. 30, 2006, afternoon sess., at 104:21-105:20. In contrast, Dr. Storer testified that some or all of the functions of the Media Switch were performed by the CPU in the prior art, which would mean that TiVo's claim, under Dr. Gibson's reading, was anticipated. Tr. Apr. 11, 2006 morning sess., at 45:4-22; 46:1-10, 110:9-112:24. Similarly, although Dr. Gibson associated the "Media Switch" with a "start-code detector" in EchoStar software that created an index, Dr. Storer testified regarding prior art that a "start-code detector" with an indexing scheme, just like what Dr. Gibson identified in the EchoStar products, does not "mediate" within his interpretation of the court's claim construction. Mar. 30, 2006, afternoon sess., at 101:3-106:1; Tr. Apr. 11, 2006 morning sess., at 70:16-71:9.

Petitioners planned to respond to this critical contradiction between the respondent's two experts through cross-examination and introduction of their own expert testimony. First, petitioners sought to cross-examine Dr. Storer to point out that his testimony contradicted that of respondent's infringement expert, Dr. Gibson. But respondent objected to any inquiry into how Dr. Gibson's expansive reading of the construed claims might affect Dr. Storer's validity analysis, and the district court sustained that objection and ruled that petitioners' cross-examination of Dr. Storer could not mention Dr. Gibson or TiVo's infringement assertions at all. Tr. Apr. 11, morning sess., at 123:21-126:2, 130:14-132:24.

Second, petitioners intended to demonstrate to the jury the fatal flaw in respondent's legal case through the testimony of their own expert, Dr. Polish. He would have testified that if the scope of respondent's patent claims was as broad as respondent's infringement expert, Dr. Gibson, had testified so as to render the accused devices infringing, then the patent claims were invalid because there was prior art predating the patent claims that would have rendered them anticipated or obvious and not patentable. Dr. Polish's testimony would have demonstrated that Dr. Gibson's testimony on infringement was unpersuasive because it was based on a reading of the claim construction that rendered the patent claims invalid.

Respondent, however, objected to any reference by Dr. Polish to Dr. Gibson's interpretation of the claims. Petitioners maintained that the testimony was proper because "TiVo is taking completely inconsistent positions with respect to the scope of the various elements that are at issue in this case." Tr. Apr. 10, 2006, morning sess., at 4:11-13.

The district court ruled in favor of respondent and held that the testimony by petitioners' expert had to be "limited to the Court's claim construction and the prior art, not the criticism of Dr. Gibson's report or previous testimony." *Id.* at 4:23-25. The district court repeatedly held that Dr. Polish's testimony must be limited to the court's claim construction, even with respect to claim terms that were unconstrued, and forbade Dr. Polish from testifying about Dr. Gibson's views on this subject. *Id.* 3:2-4:25, 16:24-18:9.[1]

At the close of Dr. Polish's testimony, petitioners moved for a mistrial, arguing that they were deprived of an opportunity to lay a foundation for his expert opinions. The district court's exclusion of all testimony by Dr. Polish that referred to the testimony by respondent's expert, Dr. Gibson, regarding the meaning of the respondent's patent claims, meant

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[1] At one point, the district court even threatened petitioners with sanctions for attempting to point out the contradictions in TiVo's infringement and validity evidence. Tr. Apr. 10, 2006, morning sess., at 84:5-85:3.

that Dr. Polish could not explain to the jurors that the claims would be invalid if they had the broad scope that Dr. Gibson testified that they did. Tr. Apr. 10, 2006, afternoon sess., at 24:4-15. The district court denied the motion. *Id.* at 24:16-17.

At the conclusion of the ten-day trial, the jury found that petitioners willfully infringed the '389 patent claims and that the claims were valid. The jury awarded respondent more than $73 million in damages. App., *infra*, 48a. The district court entered a permanent injunction that required petitioners to disable infringing DVR functionality in the adjudicated set-top box models. App., *infra*, 49a-50a. The district court denied petitioners' motion for a new trial and motion for judgment as a matter of law. Order of Nov. 27, 2006, No. 2:04-cv-00001, Dkt. No. 816.

c. The United States Court of Appeals for the Federal Circuit affirmed in part and reversed in part. App., *infra*, 46a. The Federal Circuit reversed with respect to one set of claims in the patent (the so-called "hardware claims") and held that there was a "failure of proof of literal infringement" with respect to all of the accused devices on those claims. App., *infra*, 45a.

On the second set of claims in the patent (the so-called "software claims"), the Federal Circuit affirmed the jury verdict that petitioners' DVRs literally infringed those claims and that the '389 patent was valid. App., *infra*, 36a-41a. The affirmed

software claims contain the "transform object" limitation to which TiVo's infringement and invalidity experts ascribed different, contradicting meanings. App., *infra*, 30a.

The court of appeals rejected petitioners' challenge to the exclusion of their expert testimony about the contradictions in the testimony by respondent's experts. The court held that the trial court correctly limited petitioners' expert Dr. Polish to testifying only "regarding how the prior art related to the claims as construed," and that a party's expert is "prohibited from testifying about how the prior art relate[s] to '[its opponent's expert's] view of the claims.'" App., *infra*, 45a.

The court of appeals mandated that "[a]n expert must '[compare] the construed claims to the prior art,'" *id.* at 44a-45a (quoting *Helifix, Ltd. v. Blok-Lok, Ltd.*, 208 F.3d 1339, 1346 (Fed. Cir. 2000)) (second alteration in original), and that the testimony excluded in this case was the sort that a party is not "entitled to introduce." App., *infra*, 45a. The court of appeals held that this mandate "avoided possible jury confusion by ensuring that the invalidity inquiry focused on the relationship between the prior art and the claims, as construed by the court." *Ibid.*

The court of appeals sustained the damages award in whole "[b]ecause the damages calculation at trial was not predicated on the infringement of particular claims, and because [the court of appeals] upheld the jury's verdict that all of the accused

devices infringe the software claims." App., *infra*, 45a-46a.

The court of appeals denied a petition for panel rehearing or rehearing *en banc*. App., *infra*, 51a-52a.

REASONS FOR GRANTING THE PETITION

THE FEDERAL CIRCUIT HAS ADOPTED A RULE THAT EXCLUDES FROM EVIDENCE A CATEGORY OF EXPERT TESTIMONY REGARDLESS OF WHETHER THAT TESTIMONY IS RELEVANT AND ADMISSIBLE UNDER THE FEDERAL RULES OF EVIDENCE, CONTRARY TO THE STANDARDS FOR EXPERT TESTIMONY IN NUMEROUS OTHER CIRCUITS

The Federal Circuit's sweeping ruling in this case creates a categorical evidentiary rule that narrowly limits an expert's testimony, both on direct and cross-examination, in a patent infringement action to opinions concerning the patent claims as construed by the court, without regard to the standards for relevance and admissibility under the Federal Rules of Evidence.

Neither the Patent Act nor Congress's grant of exclusive jurisdiction over patent matters to the Federal Circuit provides such an exception to the general mandate that any relevant evidence is admissible except as provided by the Constitution, an Act of Congress, or other federal rule of evidence or procedure. Fed. R. Evid. 402. Nor can the Federal Circuit's categorical rule be squared with *Daubert v. Merrell Dow Pharmaceuticals*, 509 U.S. 579 (1993),

where this Court imposed a broad admissibility standard for expert testimony and forcefully curtailed the stringent and *per se* rules of inadmissibility for expert testimony that previously existed in the federal courts of appeals that had followed *Frye v. United States*, 293 F. 1013, 1014 (D.C. Cir. 1923), rather than the express language of the Federal Rules of Evidence.

Moreover, the Federal Circuit's rule goes to, and ultimately undermines, one of the critical, century-old axioms of patent law—that "[a] patent may not, like a 'nose of wax,' be twisted one way to avoid anticipation and another to avoid infringement." *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001) (quoting *Sterner Lighting, Inc. v. Allied Elec. Supply, Inc.*, 431 F.2d 539, 544 (5th Cir. 1970)); *see also Peters v. Active Mfg. Co.*, 129 U.S. 530, 537 (1889); *White v. Dunbar*, 119 U.S. 47, 51 (1886). Application of the Federal Circuit's rule to the instant case allowed just such twisting of the patent claims. Petitioners were precluded from introducing their own expert evidence, or even adequately cross-examining respondent's experts, to demonstrate to the jury that respondent's experts had taken inconsistent positions with respect to their reading of the claims for purposes of infringement and invalidity such that, under respondent's own evidence, there either was no infringement or, if there was infringement, the patent claims were invalid, and thus no liability for petitioners in either circumstance.

Review is required because the decision below departs from the careful balance that this Court and the Judicial Conference Committees on Rules of Practice and Procedure, as authorized by Congress, have struck in adopting the Federal Rules of Evidence. Review also is required because the Federal Circuit's patent-specific expert testimony rule fundamentally affects the manner in which patent infringement actions will be litigated. The decision below lowers the bar for patent holding plaintiffs to prevail in infringement actions. Plaintiffs can now introduce, on the one hand, expert testimony for infringement purposes that broadly reads the construed claims to encompass the accused device and, on the other hand, expert testimony for invalidity purposes that narrowly reads those same construed claims so as to maintain the validity of the patent by avoiding prior art. Patent infringement defendants cannot, under this Federal Circuit precedent, expressly identify these discrepancies to the lay jury. As a consequence, the resulting infringement judgments—$73 million in damages and a potentially business-altering permanent injunction in the instant case—awarded to plaintiffs that employ this practice will not come as a reward for innovation, as required by the Constitution and the Patent Act. Rather, they will come as the result of the use of a misguided, patent-specific evidentiary rule that permits a patent holder to twist the scope of the exclusive rights conferred by his patent to meet litigation needs.

A. The Other Federal Courts Of Appeals Almost Universally Apply The Relevancy Standard Of Rule 401 And The Admissibility Standard Of Rules 402 and 403 To Determine The Admissibility Of Reliable Expert Testimony

1. The Federal Rules of evidence broadly and carefully prescribe when evidence, including expert testimony, is relevant and admissible.

Under Rule 702 of the Federal Rules of Evidence, reliable expert testimony is admissible if it "assist[s] the trier of fact to understand the evidence or to determine a fact in issue." Fed. R. Evid. 702. Whether such expert testimony would "assist the trier of fact," as this Court has explained in *Daubert v. Merrell Dow Pharmaceuticals, Inc.*, "goes primarily to relevance." 509 U.S. 579, 591 (1993) (citation omitted).[2]

Relevance, as set forth in Rule 401, requires only that the evidence relate to a fact that is "of consequence" to the proceedings and have "*any* tendency" to make that fact more or less probable. Fed. R. Evid. 401 (emphasis added). As this Court explained in *Daubert*, this "basic standard of

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[2] The reliability of the excluded expert testimony in this case is not at issue. Petitioners' expert, Dr. Polish, was permitted to testify as an expert pursuant to the trial court's gatekeeping role under *Daubert*, but the trial court then erroneously restricted that testimony, and the Federal Circuit affirmed based on a categorical rule that rendered petitioners' expert evidence nearly meaningless.

relevance thus is a liberal one." 509 U.S. at 587. Accordingly, "[t]he presumption under the Rules is that expert testimony is admissible." 4 Jack B. Weinstein, *Weinstein's Federal Evidence: Commentary on Rules of Evidence for the United States Courts* § 702.02[1] (2d ed. 1997).

That is not to say that all reliable and relevant expert testimony is admissible. Rather, the *Daubert* Court held that, in addition to the requirements of Rule 702, the admissibility of such testimony is also governed by the other Federal Rules, such as Rule 403 which "permits the exclusion of relevant evidence 'if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury * * * .'" *Daubert*, 509 U.S. at 595 (quoting Fed. R. Evid. 403). Also, Rule 402 makes inadmissible any evidence that is deemed inadmissible "by the Constitution of the United States, by Act of Congress," or by the Federal Rules of Evidence or "other rules prescribed by the Supreme Court pursuant to statutory authority." Fed. R. Evid. 402.

Federal courts are not, however, vested with the authority to adopt categorical rules of inadmissibility without application of Rules 401, 402, and 403 to the particular facts and circumstances of a case before them. Indeed, this Court recently reaffirmed that questions of "[r]elevance and prejudice under Rules 401 and 403 are determined in the context of facts and arguments in a particular case, and thus are generally not amenable to broad *per se* rules."

Sprint/United Mgmt. Co. v. Mendelsohn, 128 S. Ct. 1140, 1147 (2008). Except in the rarest of circumstances, federal courts are not permitted to adopt a *per se* rule that automatically precludes certain categories of expert testimony as irrelevant or prejudicial.[3]

2. Consistent with these principles, federal courts of appeals across the country rely on the Federal Rules of Evidence, rather than categorical rules, to evaluate relevance and admissibility when reviewing disputes about the exclusion of expert testimony by trial courts. *See, e.g.*, *Baker v. Dalkon Shield Claimants Trust*, 156 F.3d 248, 253 (1st Cir. 1998) (noting that even in the context of expert testimony, "Rule 401 merely requires that evidence make a contested fact more likely than it would be without the evidence (not 'more likely than not')"); *United States v. Ford*, 481 F.3d 215, 218 (3d Cir.) ("The two fundamental requirements of *Daubert* are (1) reliability and (2) relevance. The second requirement should be evaluated under the standard expressed in Rule 401." (internal citation omitted)),

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[3] The Federal Rules of Evidence provide specific admissibility rules for certain categories of evidence, including, among others, evidence of character or habit, evidence related to offers to settle, and evidence relating to the payment of medical expenses. *See, e.g.*, Fed. R. Evid. 406, 408, 409. But no such rules exist that exclude expert testimony of the sort at issue in the instant case; Rules 702 through 706 are the only Rules directly addressing expert testimony.

cert. denied, 128 S. Ct. 213 (2007); *Amorgianos v. National R.R. Passenger Corp.*, 303 F.3d 256, 265 (2d Cir. 2002) ("In fulfilling this gatekeeping role, the trial court should look to the standards of Rule 401 in analyzing whether proffered expert testimony is relevant * * *."); *Beck v. Haik*, 377 F.3d 624, 637 (6th Cir. 2004) (same); *United States v. Vallejo*, 237 F.3d 1008, 1015 (9th Cir. 2001) (same); *United States v. Rodriguez*, 192 F.3d 946, 949 (10th Cir. 1999) (same); *United States v. Martinez*, 358 F.3d 1005, 1010 (8th Cir. 2004) (same); *United States v. Foster*, 939 F.2d 445, 451 (7th Cir. 1991) (same).[4]

As for Rule 403, the federal courts of appeals almost always undertake the balancing of probative value versus prejudice required by the rule when they review whether expert testimony that is otherwise reliable and relevant is excludable. 4 Weinstein, *supra*, § 702.02[5] n.31 (citing cases). Only one category of evidence is subject to a judicially-created

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[4] One court of appeals, the Eleventh Circuit, has adopted a more stringent standard for relevance with respect to expert testimony, in direct conflict with these other courts. The Eleventh Circuit reasoned that, although "Rules 401 and 402 reflect the general policy of the Federal Rules for liberal admission of evidence, Rule 403, working in conjunction with Rules 702 and 703, militates against this general policy by giving courts discretion to preclude expert testimony unless it passes more stringent standards of reliability and relevance." *Allison v. McGhan Med. Corp.*, 184 F.3d 1300, 1310 (11th Cir. 1999). That court justified its disregard of the federal rules by asserting that "[t]hese stricter standards are necessary because of the potential impact on the jury of expert testimony." *Ibid.*

per se exclusionary rule in some of the federal courts of appeals and that is expert polygraph evidence. *See, e.g., United States v. Sherlin*, 67 F.3d 1208, 1216 (6th Cir. 1995). After *Daubert,* however, many courts of appeals have held *per se* rules of inadmissibility are no longer permissible for polygraph evidence. *United States v. Posado*, 57 F.3d 428, 431-434 (5th Cir. 1995); *United States v. Cordoba*, 104 F.3d 225, 228 (9th Cir. 1997); *United States v. Call*, 129 F.3d 1402, 1404 (10th Cir. 1997), *cert. denied*, 524 U.S. 906 (1998). Significantly, the few courts that maintain a *per se* rule against admissibility of polygraph evidence have reached such a result based on application of the pertinent federal rules, including Rule 403. *See, e.g., Sherlin*, 67 F.3d at 1216 (maintaining such a prohibition under Fed. R. Evid. 702 and 403). No court of appeals other than the Federal Circuit has created a *per se* rule of inadmissibility without regard to the applicability of the Federal Rules of Evidence.

B. The Federal Circuit Restricts Expert Testimony In Patent Infringement Cases To Application Of The Court's Claim Construction And Categorically Disregards The Standards Of Relevance And Admissibility Under Rules 401, 402, And 403, Contrary To The Law In Many Other Circuits

Contrary to the basic standards of admissibility of evidence followed in the numerous other Circuits discussed above, the Federal Circuit has carved out

its own categorical rule to restrict expert testimony in patent infringement cases. The ruling below categorically bars admission of expert testimony about the flaws in the testimony of the opposing party's expert on the meaning of the claims and their impact on the analysis of infringement and invalidity.

1. The Federal Circuit ruled here that petitioners' invalidity expert was allowed to testify only "regarding how the prior art related to the claims as construed" by the court and "was prohibited from testifying about how the prior art related to '[TiVo's infringement expert's] view of the claims'" of that patent. App., *infra*, 45a. The Federal Circuit thus held that "[a]n expert must '[compare] the construed claims to the prior art,'" and must, in essence, do only that. *Id.* at 44a-45a (quoting *Helifix, Ltd. v. Blok-Lok, Ltd.*, 208 F.3d 1339, 1346 (Fed. Cir. 2000)). By limiting the scope of the testimony of petitioners' expert to only the claims as construed by the court, the Federal Circuit set forth a narrow rule that expert testimony, no matter what its purpose, lacks relevance if it goes beyond the claims as construed by the court. *Id.* at 45a.

That rule cannot be justified under the relevancy standard of Rule 401 of the Federal Rules of Evidence. The excluded expert testimony here unquestionably related to facts "of consequence" and had the required "tendency" to make them more or less probable under the standard of Rule 401 in order to be relevant and thus admissible under Rule 402. Indeed, the excluded testimony was crucial for

petitioners to be able to demonstrate that respondent's experts were not relying on the same construction of the claims as one another. Respondent's expert who opined that petitioners' device infringed the '389 patent relied on a broad interpretation of the patent claims, whereas respondent's other expert who opined that the '389 patent claims were valid and not preempted by preexisting art relied on a narrower interpretation of the patent claims. The excluded testimony by petitioners' expert on this inconsistency thus was relevant because a patent claim must mean the same thing for purposes of infringement and validity. *Bristol-Myers Squibb Co. v. Ben Venue Labs., Inc.*, 246 F.3d 1368, 1375 (Fed. Cir. 2001) (a patent holder "cannot have an expression be limiting in [a validity] context and non-limiting in" an infringement context); *Amgen Inc. v. Hoeschst Marion Roussel, Inc.*, 314 F.3d 1313, 1330 (Fed. Cir. 2003) (same).

This Court affirmed this core patent principle in *Festo*. The Court explained that, "[w]hen the patentee responds to rejection [by the Patent and Trademark Office] by narrowing his claims, this prosecution history estops him from later arguing that the subject matter covered by the original broader claim was nothing more than an equivalent." *Festo*, 535 U.S. at 727.

It defies common sense for expert testimony that unquestionably relates to this critical fact "of consequence," Fed. R. Evid. 401—whether the claims are being applied consistently—to not be considered

relevant under Rule 401. Moreover, relevance under Rule 401 (and thus Rule 702) can be established by demonstrating a flaw in the other side's case—*viz.*, by making a fact of consequence less likely through impeachment, or through the presentation of contrary evidence. For that reason, the testimony by petitioners' expert attacking the conclusions and credibility of respondent TiVo's experts was relevant precisely as the sort of evidence that *Daubert* requires as a necessary backstop when "shaky but admissible" expert testimony is introduced. *Daubert*, 509 U.S. at 596 (noting that admissible expert testimony can be attacked through the "presentation of contrary evidence").

2. The Federal Circuit's categorical ban on expert testimony that goes beyond the claims as construed by the court also cannot be justified as a prophylactic measure against jury confusion under Rule 403. App., *infra*, 45a (noting the potential for jury confusion, without referencing Rule 403).

As discussed above, most courts of appeals have abandoned such judicially-created *per se* rules in the context of both Rules 403 and 702 of the Federal Rules of Evidence, and require, instead, district courts to examine expert testimony in light of the facts and circumstances of the particular case. *See* pages 24-25, *supra*. Cross-examination and the introduction of counter expert testimony, rather than the wholesale exclusion of the expert testimony in

question, are viewed by other circuits as the appropriate response to potential jury confusion with respect to otherwise admissible expert testimony. *United States v. L.E. Cooke Co.*, 991 F.2d 336, 342 (6th Cir. 1993); *Wilmington v. J.I. Case Co.*, 793 F.2d 909, 920 (8th Cir. 1986); *Singer Co. v. E.I. du Pont de Nemours & Co.*, 579 F.2d 433, 443 (8th Cir. 1978).

More significantly, the Federal Circuit's ruling does nothing to prevent the juror confusion it professes to avoid. Expert testimony regarding the view of the construed claims held by the adversary's experts (as petitioners sought to introduce here) addresses and, indeed, clarifies evidence that *already* has been introduced. In the instant dispute, petitioners' expert, Dr. Polish, would have testified that the broad view of the construed '389 patent claims presented by respondent's expert, Dr. Gibson, if accepted by the jury as demonstrating that the accused EchoStar devices literally infringed those claims, would necessarily require the jury to conclude that the '389 patent was invalid because those same broadly construed claims would then encompass, and thus would be anticipated by, the prior art. *See* App., *infra*, 44a.

It is the ruling below, and the categorical evidentiary rule it creates, that fosters jury confusion. It requires the jury to reconcile somehow one side's conflicting expert opinions on how to read the construed claims for purposes of infringement and invalidity, without any guidance from the other side as to the consequences of those conflicting

readings of the construed claims and what that means to the critical questions of infringement and invalidity.

3. Having no basis in the Federal Rules of Evidence, the categorical rule below can be explained only as the Federal Circuit's creation of a corollary to *Markman* that limits the scope of what is relevant evidence in patent infringement actions to the patent claims as construed by the court to protect against the jury deciding the meaning of the claims.

The problem with this rationale is two-fold. First, *Markman* announced no evidentiary rules. It requires only that the district court, rather than the jury, provide the interpretation of the proper scope of the patent's claims. The jury remains responsible for applying the construed claims to the facts and circumstances of the case, and the *Markman* Court said nothing about what evidence might be relevant to that jury determination. *See* pages 32-33, *infra*.

Second, there is no constitutional provision, congressional enactment, or federal rule of evidence or procedure that justifies exclusion of petitioners' expert testimony. In the absence of any such authority, Rule 402 precludes a court from finding relevant evidence inadmissible. And this Court has repeatedly admonished that the Federal Circuit is not entitled to create special patent-specific rules of procedure without express authorization from Congress. *See eBay v. MercExchange, L.L.C.*, 547 U.S.

388 (2006); *MedImmune, Inc. v. Genentech, Inc.*, 127 S. Ct. 764 (2007).

C. Review Is Necessary Because The Federal Circuit's Rule Allows Infringement Verdicts Of Tens Of Millions Of Dollars And Potentially Business-Altering Injunctions Based On A Reading Of A Patent That Should Render It Invalid

Absent review by this Court, the Federal Circuit's ruling will have a significantly detrimental effect on the manner in which patent infringement suits are litigated. The Federal Circuit rule, which is binding in every federal district court across the country when adjudicating patent infringement actions, prohibits patent infringement defendants from introducing evidence of the key inconsistencies in the plaintiff's evidence. As a consequence of the ruling below, the bar is now substantially lower for patent holders to convince juries that their patent rights have been infringed and to obtain verdicts of tens of millions of dollars ($73 million here) and potentially business-altering injunctions, even where the analysis by that party's expert which established infringement also necessarily meant that the patent was invalid.

Although "[i]t is axiomatic that claims are construed the same way for both invalidity and infringement," *Amgen*, 314 F.3d at 1330, the ruling below renders that tenet hollow, because it makes it nearly impossible for a defendant to demonstrate

such inconsistencies in a plaintiff's experts' presentation of such claims except in all but the most egregious circumstances. This is so because, as a practical matter, questions of infringement and invalidity always involve experts—whom the Federal Circuit have held are essential in patent infringement actions involving complex technologies. *Centricut, LLC v. Esab Group, Inc.*, 390 F.3d 1361, 1369-1370 (Fed. Cir. 2004), *cert. denied* 546 U.S. 814 (2005).

Of course, each expert professes to apply the claims in a manner consistent with the court's claim construction order, but each expert necessarily relies on his or her own understanding of the court's claim construction. Lay juries are ill-equipped to identify these nuances in an expert's testimony without expert guidance. The Federal Circuit's ruling, however, prohibits patent defendants from introducing critical expert testimony that would expressly identify to the jury when another expert's reading of the construed claims (*i.e.*, the expert's "spin" on the court's claim construction) creates inconsistencies that would render the patent at issue either not infringed or invalid, with no liability against the defendant in either circumstance. Indeed, under the Federal Circuit's ruling, a defendant cannot even point out the inconsistencies in the testimony of a plaintiff's experts on infringement and invalidity through cross-examination of the plaintiff's own experts. *See* page 13, *supra* (noting that the district court precluded any mention of respondent's infringement expert's reading of the claims in the cross-examination of respondent's invalidity expert).

It is no answer that resolution of any inconsistency in the application of a patent's claims on invalidity and infringement is a *Markman* issue. Although the court, rather than the jury, is charged with construing a patent's claims, a court's claims construction cannot be "overly precise or specific" or else it will "invade[ ] the providence of the trier of fact." 5A Chisum, *supra*, § 18.03[1][b], at 18-93 to 18-94. As such, the Federal Circuit recognizes that there will always be a certain degree of ambiguity in a claim, even after that claim has been construed by the court. *See PPG Indus. v. Guardian Indus. Corp.*, 156 F.3d 1351, 1355 (Fed. Cir. 1998); *see also Acumed LLC v. Stryker Corp.*, 483 F.3d 800 (Fed. Cir.), *cert. denied*, 128 S. Ct. 615 (2007). Although it is for the court to construe the claims, it is for the jury to apply the claim construction and decide the ultimate issues of infringement and invalidity. Indeed, this Court held in *Markman* that judges often have used the assistance of experts in claim construction, even though the ultimate interpretation is a question of law. *Markman*, 517 U.S. at 387-388. It would defy common sense to expect lay juries to require less, as opposed to more, expert assistance than an Article III judge.[5]

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[5] The Federal Circuit earlier adopted overly stringent rules regarding the admissibility of expert testimony as well. In *Vitronics Corp. v. Conceptronic, Inc.*, 90 F.3d 1576 (Fed. Cir. 1996), the Federal Circuit significantly curtailed the use of expert testimony to guide a district court in its construction of the claims pursuant to *Markman*. It was not until this Court

(Continued on following page)

There is no reason for this Court to defer addressing the Federal Circuit's categorical rule. This rule will profoundly and adversely affect the hundreds of patent infringement actions filed each year in every district court alleging, in aggregate, billions of dollars of liability. Because the Federal Circuit's categorical evidentiary rule of exclusion applies only to experts in patent cases, that court's exclusive appellate jurisdiction over patent disputes, 28 U.S.C. § 1295(a)(4), ensures that no other court of appeals will be capable of adequately examining the Federal Circuit's categorical rule.

CONCLUSION

For the reasons set forth above, the petition for a writ of *certiorari* should be granted.

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decided *Kumho Tire Co. v. Carmichael*, 526 U.S. 137 (1999), that the Federal Circuit reversed course and restated the *Vitronics* rule to permit greater flexibility in the consideration of expert testimony at claim construction. *Pitney Bowes, Inc. v. Hewlett-Packard Co.*, 182 F.3d 1298, 1308 & n.2 (Fed. Cir. 1999); *see also id.* at 1314 (additional views of Rader, J.) (noting that the Federal Circuit's rule in *Vitronics* which provided "detailed guidance to avoid expert testimony in claim construction, ultimately condemning reliance on such testimony as 'rarely, if ever,' proper" conflicted with this Court's caution in *Kumho Tire* against "rigid tests"). The fact that the Federal Circuit was unwilling to reconsider its *Vitronics* precedent until this Court acted in *Kumho Tire* further supports this Court's plenary review.

Respectfully submitted,

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AUGUST 11, 2008

APPENDIX A

United States Court of Appeals for the Federal Circuit

2006-1574

TIVO, INC.,

Plaintiff-Appellee,

v.

ECHOSTAR COMMUNICATIONS CORPORATION, ECHOSTAR DBS CORPORATION, ECHOSTAR TECHNOLOGIES CORPORATION, ECHOSPHERE LIMITED LIABILITY COMPANY, and ECHOSTAR SATELLITE LLC,

Defendants-Appellants.

Seth P. Waxman, Wilmer Cutler Pickering Hale and Dorr, LLP, of Washington, DC, argued for plaintiff-appellee. With him on the brief were Edward C. DuMont, Lauren Fletcher, and Daniel S. Volchok. Of counsel on the brief were Morgan Chu, Laura W. Brill, Andrei Iancu, and Alexander C.D. Giza, Irell & Manella, LLP, of Los Angeles, California; and Herbert F. Schwartz, Ropes & Gray, LLP, New York, New York. Of counsel were Christine W.S. Byrd, Perry M. Goldberg, and Brian E. Jones.

Donald R. Dunner, Finnegan, Henderson, Farabow, Garrett & Dunner, L.L.P, of Washington, DC, argued for defendants-appellants. With him on the brief were Don O. Burley, Andrew J. Vance, of Washington, DC; and Erik R. Puknys, of Palo Alto, California. Of counsel on the brief were Harold

McElhinny, Rachel Krevans, and Karl J. Kramer, Morrison & Foerster, LLP, of San Francisco, California.

Appealed from: United States District Court for the Eastern District of Texas

Judge David J. Folsom

DECIDED: January 31, 2008

Before BRYSON, *Circuit Judge*, PLAGER, *Senior Circuit Judge*, and KEELEY, *Chief District Judge*.*

BRYSON, Circuit Judge.

TiVo, Inc., owns a patent on technology that enables television users to "time-shift" television signals, that is, to record a television program in digital format and enable the user to replay, pause, fast forward, or reverse while the program is playing on the user's television set. The technology enables time shifting both for previously recorded programs and for programs that are currently being recorded. In 2004, TiVo sued the five appellants, collectively referred to as EchoStar, in the United States District Court for the Eastern District of Texas, alleging that

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* Honorable Irene M. Keeley, Chief Judge, United States District Court for the Northern District of West Virginia, sitting by designation.

they had infringed various claims of the patent, U.S. Patent No. 6,233,389 ("the '389 patent").

The claims of the '389 patent that were asserted at trial included so-called "hardware" claims (claims 1 and 32) and "software" claims (claims 31 and 61). Those four claims are the only ones at issue in this appeal. The accused devices are two types of EchoStar digital video recorders ("DVRs"), which the parties refer to as the "50X" DVRs and the "Broadcom" DVRs. At the conclusion of the trial, the jury found that the 50X DVRs literally infringed the asserted hardware and software claims. The jury found that the Broadcom DVRs literally infringed the asserted hardware claims and infringed the asserted software claims under the doctrine of equivalents. The jury awarded TiVo a total of $73,991,964 in damages ($32,663,906 in lost profits and $41,328,058 in reasonable royalties). The district court entered judgment on the verdict and issued a permanent injunction against EchoStar. On EchoStar's motion, this court granted a stay of the injunction pending appeal.

I

The accused DVRs and the DVRs described in the patent both receive television signals and store data relating to the transmissions on a hard disk in Motion Picture Expert Group ("MPEG") format. An MPEG stream typically has interleaved audio and video components. Both the accused devices and the

devices described in the patent can store the MPEG data and subsequently transform it for replay. The storage of the television programs as MPEG data enables users to control the playback of programs, including those that are currently being broadcast, with commands such as pause, fast forward, and reverse.

Television programs are typically transmitted in one of three ways: "over the air" from a ground-based transmitter for reception by a user's television antenna; through a cable; or by satellite. Over-the-air and cable transmissions can be used to broadcast either analog or digital television, while satellite services typically broadcast digital television only. The most common format for analog television signals in the United States is the National Television Standards Committee ("NTSC") standard. The corresponding European broadcast standard for analog television signals is Phase Alternating Line ("PAL"). Digital television standards include the Digital Satellite System ("DSS"), Digital Broadcast Services ("DBS"), and Advanced Television Standards Committee ("ATSC").

Both analog and digitally encoded television programs that are transmitted over the air are transmitted using high frequency analog carrier waves that are capable of traveling long distances. The Federal Communications Commission has partitioned the analog broadcast signal range into six-megahertz ("MHz") bands for such transmissions. A single six-MHz band can carry a single television

channel in analog form or several channels in digital form by interleaving (multiplexing) the signals corresponding to the various channels in a digital format such as MPEG.

The two "hardware claims" at issue in this case relate to the process and apparatus used to effect time shifting according to the invention. The two "software claims" relate to the software process and apparatus used in the invention.

Claim 1 of the '389 patent, the first of the two asserted hardware claims, provides as follows:

> A process for the simultaneous storage and play back of multimedia data, comprising the steps of:
>
> [1] accepting television (TV) broadcast signals, wherein said TV signals are based on a multitude of standards, including, but not limited to, National Television Standards Committee (NTSC) broadcast, PAL broadcast, satellite transmission, DSS, DBS, or ATSC;
>
> [2] tuning said TV signals to a specific program;
>
> [3] providing at least one Input Section, wherein said Input Section converts said specific program to an [sic] Moving Pictures Experts Group (MPEG) formatted stream for internal transfer and manipulation;

[4] providing a Media Switch, wherein said Media Switch parses said MPEG stream, said MPEG stream is separated into its video and audio components;

[5] storing said video and audio components on a storage device;

[6] providing at least one Output Section, wherein said Output Section extracts said video and audio components from said storage device;

[7] wherein said Output Section assembles said video and audio components into an MPEG stream;

[8] wherein said Output Section sends said MPEG stream to a decoder;

[9] wherein said decoder converts said MPEG stream into TV output signals;

[10] wherein said decoder delivers said TV output signals to a TV receiver; and

[11] accepting control commands from a user, wherein said control commands are sent through the system and affect the flow of said MPEG stream.

Claim 32, the other asserted hardware claim, is similar, except that it claims an apparatus rather than a process.

A

EchoStar's accused DVRs receive analog and digital signals, but they conduct time shifting only for digital satellite signals. EchoStar argues that the district court committed legal error when it failed to construe the two hardware claims to require that the subject devices be capable of time shifting analog as well as digital signals and when the court failed to grant EchoStar's motion for judgment as a matter of law on that ground. EchoStar's DVRs do not infringe, according to EchoStar, because they can process only one type of digital television signal and are incapable of processing analog television signals at all. In making that argument, EchoStar focuses on the first three limitations of claims 1 and 32, each of which, according to EchoStar, makes clear that the hardware claims do not apply to digital-only DVRs such as its accused devices.

1

EchoStar begins with the first limitation of the hardware claims, which recites the step of "accepting . . . broadcast signals . . . based on a multitude of standards." EchoStar notes that in the "accepting" limitation the reference to "a multitude of standards" is followed by the words "including but not limited to, National Television Standards Committee (NTSC) broadcast, PAL broadcast, satellite transmissions, DSS, DBS, or ATSC." Because some of those broadcast standards apply to analog signals and some

to digital signals, EchoStar contends that the "accepting" limitation requires that the claimed DVR be capable of processing both types of signals. EchoStar does not make clear how many different standards it believes the claimed device must be capable of processing. In its reply brief it suggests at one point that the number must be greater than three. At a minimum, however, EchoStar seems to contend that an accused DVR cannot infringe the hardware claims if it is not capable of processing at least one type of analog signal and at least one type of digital signal.

TiVo responds that EchoStar's argument is based on an unduly restrictive interpretation of the claim language. First, TiVo argues that the hardware claims require only that the accused products "accept" television signals based upon a multitude of standards, not that they "process" all such signals. Because EchoStar's accused devices accept analog television signals and forward them to the user's television set for real-time viewing, TiVo argues that those devices infringe the "accepting" limitation even though they do not process the analog signals by converting them to MPEG streams suitable for internal storage. Second, TiVo argues that EchoStar's devices process signals that are based on numerous standards, such as the MPEG2 Transport standard, the MPEG2 video standard, and in most cases the MPEG1 audio standard. For that reason, TiVo contends, EchoStar's DVRs infringe the "accepting"

limitation even if that limitation is understood to require processing of the "accepted" signals.

EchoStar replies to TiVo's characterization of the "accepting" limitation by saying, first, that the claim language must be understood to link the "acceptance" and the "processing" of signals, so that the signals that are accepted are also processed in accordance with the other limitations of the invention. In support of that argument, EchoStar points out that the "tuning" limitation, which sets forth the first step in the processing operation, states that the tuning is performed on "said TV signals," referring generically to the signals first identified in the "accepting" limitation. The patent contains no reference to signals that are simply passed through the DVR without the processing described in the rest of the claim limitations.

EchoStar replies to TiVo's second argument by contending that the reference in the claims to the "multitude of standards" as including, but not limited to, "(NTSC) broadcast, PAL broadcast, satellite transmission, DDS, DBS, or ATSC" is a reference to broadcast standards, and that the "standards" limitation cannot be satisfied by reference to data standards, such as the MPEG2 Transport, MPEG2 video, and MPEG1 audio standards cited by TiVo.

While the language of the "accepting" limitation is not very precise, we agree with the trial court that it does not require that a DVR be capable of time shifting both digital and analog signals, as EchoStar

argues. Even EchoStar does not contend that the claimed DVR must be capable of processing signals transmitted under *all* of the listed broadcast standards. Although the claim refers to the recited television signals as being "based on a multitude of standards, including, but not limited to" the particular specified standards, the use of the word "or" in the list of standards makes it clear that the claim language does not require that the claimed device be capable of processing signals based on all of the listed standards. The specification likewise demonstrates that the claim language should not be given such a restrictive interpretation. At several points, the specification refers to a DVR that accepts television input streams "in a multitude of forms, *for example,* analog forms such as National Television Standards Committee (NTSC) or PAL broadcast, and digital forms such as Digital Satellite System (DSS), Digital Broadcast Services (DBS), or Advanced Television Standards Committee (ATSC)." '389 patent, col. 2, ll. 4-10 (emphasis added); *see also id.*, col. 3, ll. 32-37.

Nor is there anything in the specification to suggest that the claimed DVR must be capable of time shifting at least one type of analog television signal as well as digital signals. At various points, the specification describes how analog signals are processed and then describes how digital signals are processed. The specification also describes, as a "preferred embodiment" of the invention, a DVR that "takes television streams in a multitude of forms,"

including analog and digital and converts those signals into "MPEG streams." *See id.*, col. 3, ll. 30-44. But nowhere does the specification indicate that in all embodiments of the invention a single DVR must be capable of processing and converting both analog and digital signals into such MPEG streams. In fact, the specification contains one embodiment that seems to contemplate a DVR that processes only digital signals. *See id.*, col. 6, ll. 30-36. That embodiment is based on Figure 7 of the patent, a schematic depiction of the Media Switch that is at the heart of the invention. After describing how Figure 7 operates to process analog signals, the specification adds the following: "If a digital TV signal is being processed instead, the MPEG encoder is replaced with an MPEG2 Transport Demultiplexor, and the MPEG audio encoder and VBI decoder are deleted." *Id.*, col. 6, ll. 30-33. Modified in that fashion, the Media Switch would accept only digital signals. That digital-only embodiment of the Media Switch therefore seems to contradict EchoStar's contention that the claims require that the DVR be capable of processing both analog and digital transmissions.

Even after rejecting EchoStar's main contention that the "accepting" limitation requires that the claimed DVR accept both analog and digital transmissions, the meaning of the "accepting" limitation is still not entirely clear. In particular, it is less than clear what meaning should be assigned to the term "a multitude of standards" in the "accepting" limitation. As to EchoStar's argument that the

claimed DVR must be capable of processing signals based on some undetermined number of standards greater than one, it seems unlikely that a claim drafter would use a term of such biblical imprecision as "multitude" if that term were meant to have an important restrictive function in the claim. On the other hand, if the drafter intended to require only that the DVR be capable of processing signals based on "one or more" broadcast standards, including but not limited to those referred to in the limitation, it is difficult to understand why the drafter would not have used that very common (and clear) manner of expressing the idea.

In the end, we conclude that the interpretation of the "accepting" limitation that is least problematic is the one proposed by TiVo – that the reference to the "multitude of standards" includes not only broadcast standards of the type set forth in the claim, but also data standards of the type identified in the written description portion of the specification. *See* '389 patent, col. 3, ll. 38-43. On several occasions, the written description refers to the broadcast standards as "forms," and refers to the data standards as "standards." *See id.*, col. 2, l. 5; col. 3, ll. 35, 38. While that choice of terms may not be the product of careful and consistent usage, it at least reflects that the patent did not use the term "standard" as a term of art restricted to broadcast standards. In the absence of any more convincing interpretation of the "accepting" limitation, we adopt that interpretation. Because the evidence at the trial showed that,

interpreted in that fashion, EchoStar's devices were capable of accepting and processing television signals based on numerous data standards, we hold that the jury's verdict with respect to the "accepting" limitation is supported by substantial evidence.

2

EchoStar next argues that because its DVRs process only digital signals and not analog signals, they do not satisfy the second limitation of the asserted hardware claims, which recites the step of "tuning said TV signals to a specific program." EchoStar explains that the six-MHz band used to transmit digital television signals carries a multiplexed signal that contains data for multiple television programs. Thus, unlike the case of analog transmissions, in which a single program is carried on a particular segment of the broadcast band, EchoStar argues that tuning to a particular six-MHz band does not constitute tuning "to a specific program." The trial court rejected that argument, holding that "one of ordinary skill in the art would understand 'a specified program' to mean 'a specified frequency range.'"

The language of the "tuning" limitation is not by its terms limited to locating a place on the broadcast band that carries only a single program. That is, nothing about the phrase "tuning . . . to a specific program" excludes tuning to the six-MHz portion of the band that carries the specific program of interest,

even if a further process, such as demultiplexing, is required to extract the data corresponding to that program from the band to which the DVR has been tuned. If a program is contained within a channel that contains multiple, multiplexed programs, then tuning to a program that is contained within the channel is accomplished by tuning to that channel.

Significantly, the specification of the '389 patent describes an embodiment in which the DVR "tunes . . . to a particular program" by tuning to the particular six-MHz band that contains the multiplexed digital signal that includes the program of interest. At that point tuning is complete. The device then extracts the program from the signal that was carried on the six-MHz band by demultiplexing and generating an MPEG stream. '389 patent, col. 3, ll. 46-49 ("The Input Section 101 tunes the channel to a particular program, extracts a specific MPEG program out of it, and feeds it to the rest of the system."). Thus, the specification clearly uses the term "tunes" to refer to the selection of the six-MHz portion of the band where the multiplexed signal containing the particular program (along with others) is being transmitted. We therefore hold that the district court correctly interpreted the phrase "tuning . . . to a specific program" to include tuning to a specified frequency range that contains the program in question, whether or not that program is the only one contained within a signal transmitted in that specified frequency range. With the "tuning" limitation construed in that fashion, the evidence

is clearly sufficient to support the jury's conclusion that EchoStar's devices infringed that limitation.

3

EchoStar next contends that the term "converts," as used in the third limitation of the hardware claims, provides a further indication that the claimed DVRs must be capable of processing analog signals, rather than just digital signals as the EchoStar devices do. That limitation requires that the claimed device "convert[ ] said specific program to an [MPEG] formatted stream for internal transfer and manipulation." The trial court regarded that language as sufficiently clear that it was not necessary to use additional or different language to explain the phrase to the jury. EchoStar argues that the specification uses the term "converts" to refer to the process of encoding a nonMPEG analog program into MPEG format and not to refer to the process of transforming an MPEG signal into an internally storable format. EchoStar supports its argument by pointing out that the specification uses a different term, extraction, to refer to the process of transforming an MPEG signal that is carried on a broadcast transmission to an internally storable format. '389 patent, col. 2, ll. 10-14. EchoStar therefore concludes that the term "converts" does not encompass transforming MPEG data from a satellite signal that already contains MPEG-encoded data. For that reason, EchoStar argues that its 50X and Broadcom DVRs, which process only satellite

transmissions that already contain MPEG-encoded data, do not satisfy the "converts" limitation and therefore are not covered by the hardware claims.

TiVo argues that EchoStar's interpretation of the "converts" limitation is at odds with portions of the specification that describe the process of extracting MPEG streams from incoming digital signals containing MPEG data, such as satellite or ATSC transmissions. *See* '389 patent, col. 3, ll. 46-49. The specification makes clear that if the input signal does not contain MPEG-formatted data, the data is recoded in MPEG format and stored in a digital MPEG format that is suitable for internal transfer and manipulation. If the input signal already contains MPEG-formatted data, as in the case of incoming satellite transmissions, the incoming data is still converted to the internally transferable and manipulable MPEG format. Whether or not the input stream already contains MPEG-encoded data, it is converted to a "uniform, purely digital MPEG format that is suitable for internal transfer and manipulation." The benefit of the uniformity of these streams is that the system does not need to be concerned with "how the signal was obtained." '389 patent, col. 3, ll. 46-52. Because the invention disclosed in the specification and recited in the claims "converts" the signal to which the device has tuned into an MPEG formatted stream "for internal transfer and manipulation," we hold that the process of converting a digital signal to an MPEG stream is within the scope of the "converts" limitation.

Both the 50X and Broadcom DVRs, even if they do not need to convert signals from an analog format to MPEG, must accept satellite transmissions and convert them into a form suitable for internal transfer and manipulation. With the "converts" limitation construed to cover converting a digital signal to an MPEG stream suitable for internal transfer and manipulation, the evidence supports the jury's verdict that all of the EchoStar DVRs satisfy that limitation. We therefore reject EchoStar's contention that the "converts" limitation, the "accepting" limitation, and the "tuning" limitation all indicate that the DVRs of the invention must be capable of processing analog as well as digital signals.

B

EchoStar devotes substantial attention to the fourth limitation of the hardware claims, which requires that the MPEG stream be "separated into its video and audio components." The trial court regarded that claim language as self-explanatory and therefore did not provide a separate interpretation of that language in the instructions to the jury. EchoStar urges this court to construe the term to require that the interleaved MPEG stream be copied into two distinct memory buffers, one for the audio portion of the stream and another for the video portion of the stream. We agree with EchoStar that the written description portion of the specification discloses such an embodiment. *See, e.g.*, '389 patent, col. 4, ll. 23-32. The more difficult question is whether

that embodiment represents the limits of the claims' scope.

TiVo argues that physical separation of the audio and video data is not necessary, that logical separation is all that is required, and that indexing of the data achieves logical separation. Under that interpretation, a device would satisfy the "separation" limitation for literal infringement even if the audio and video streams were not copied to separate buffers but were maintained in a single interleaved buffer, as long as the separate audio and video components were indexed with pointers to the components' locations in the interleaved buffer.

The specification states that "[t]he invention parses the . . . MPEG stream and separates it into its video and audio components. It then stores the components into temporary buffers." '389 patent, col. 2, ll. 15-17. In that passage, the specification clearly refers to the separation aspect of the "invention" and not merely one embodiment of a broader invention. As this court recently held, "[w]hen a patent thus describes the features of the 'present invention' as a whole, this description limits the scope of the invention." *Verizon Servs. Corp. v. Vonage Holdings Corp.*, 503 F.3d 1295, 1308 (Fed. Cir. 2007).

In the same context, the specification states that the audio and video components are stored in temporary buffers. Although TiVo does not address that statement in the specification directly, it appears to argue that the statement that the "invention . . .

separates [the MPEG stream] into its video and audio components" refers to logical indexing. However, there is no textual basis from which to conclude that the reference to "storing the components in temporary buffers" encompasses logical separation or indexing, and TiVo does not provide any explanation of how the language of the specification can be understood to do so.

The specification's discussion of Figure 3 adds force to EchoStar's argument regarding the "separated" limitation. The specification explains that the video and audio segments of the incoming MPEG stream "must be separated and recombined to create separate video and audio streams or buffers. This is necessary because separate decoders are used to convert MPEG elements back into audio or video analog components." '389 patent, col. 4, ll. 25-29. Because the statement refers to separate streams and buffers, and not logical separation or indexing, the most natural interpretation of that passage is that the audio and video elements are separated into different buffers, not simply logically indexed according to the type of data carried by each element.

TiVo's effort to discount the passage of the specification discussing Figure 3 is unconvincing. TiVo first argues that Figure 3 represents only a preferred embodiment. The detailed description of the invention makes clear that some of the depicted embodiments (such as those in Figure 1 and Figure 2) are merely preferred embodiments. The specification, however, does not characterize Figure 3 as

representing only a preferred embodiment. In fact, the discussion of Figure 3 suggests the contrary, as it states that the incoming interleaved video and audio segments "*must be separated* and recombined to create separate video and audio streams or buffers." The specification further states that the recited separation is "necessary" because of the use of separate decoders to convert the MPEG elements back into audio and video analog components. '389 patent, col. 4, ll. 25-29. Even if the separation of video and audio components into separate streams were regarded as representing only a preferred embodiment, that passage at minimum rebuts TiVo's assertion that "physical cleaving of digital data . . . makes no sense in the context of a computer-based invention."

TiVo's second argument regarding the specification's treatment of Figure 3 is that it relates "to the output stage, when appropriate components must ultimately be placed into distinct streams or buffers for decoding." Again, there is no textual basis for that characterization. The discussion of Figure 3 is not limited to the output stage, but instead refers generally to the processing of data that is interleaved in "the incoming MPEG stream." '389 patent, col. 4, line 23. Moreover, TiVo's strained interpretation of Figure 3 is at odds with the specification's discussion of Figure 4, in which the specification describes the Media Switch at the heart of the invention as operating on separate "video buffers" and "audio buffers." *Id.*, col. 5, ll. 8-9, 26-27.

With respect to Figure 6, which depicts the Media Switch separating data into four buffers – a video buffer, an audio buffer, a private data buffer, and an event buffer – TiVo argues in its brief that the accompanying text in the specification shows that "the patent focuses on the logical segmentation and cataloguing of data into an event table to help avoid unnecessary physical data transfers." While TiVo is correct that the specification describes a process of logical cataloguing or indexing of data, Figure 6 and the portion of the specification that describes it make clear that the logical processes described by TiVo occur after the data is separated into distinct audio and video buffers. That is, after the parser in the Media Switch separates the video, audio, and private event data packets and stores them in separate buffers, the parser generates "event" data that identifies the storage location of each of the data packets. That "event data" is stored separately in an "event" buffer. '389 patent, col. 5, ll. 8-27. The program logic reads accumulated events in the event buffer and generates a sequence of "logical segments" that correspond to the parsed MPEG segments. The logical segments contain information including the address and type of the corresponding MPEG segment, the length of the segment, and the time stamp for that segment. Those logical segments are then stored in a separate buffer known as the Packetized Elementary Stream ("PES") buffer. *Id.*, col. 5, ll. 33-58.

The patent explains that using logical segments in the PES buffer means that "the data associated with the logical segments need not be present in the buffer itself." '389 patent, col. 5, line 66, through col. 6, line 1. The use of the logical segments "has the effect of gathering components of the stream, whether they be in the video, audio or private data circular buffers, into a single linear buffer of stream data on the storage medium." *Id.*, col. 6, ll. 2-7. Thus, the stream data can be efficiently managed without the need for the computer's central processing unit to copy the underlying data. *Id.*, col. 6, ll. 7-15. In sum, TiVo is correct that the specification describes the process of indexing data. Both the specification and the text of claims 1 and 32 make clear, however, that indexing occurs after, and in addition to, the separation of the incoming data into distinct video and audio buffers.

Pointing to dependent claims 8 through 11, TiVo contends that those claims recite "the additional steps specifying the use of distinct video and audio buffers" and thus support its contention that the independent claims do not require separation of the audio and video components of the incoming signal. The dependent claims, however, recite in detail the processing steps that occur *after* the separation of the video and audio components, such as placing the video and audio components in separate circular buffers, posting events in a circular event buffer indicating the location of the video or audio component in the video or audio buffer, and

generating a buffer containing logical segments that point to the buffer location where corresponding video and audio components have been placed. While those details go beyond the recitations of the independent claims, they do not obviate the requirement of the independent claims that the MPEG stream be "separated into its video and audio components." In fact, the dependent claims underscore that the initial separation is separation into distinct buffers, not merely logical indexing.

Finally, TiVo argues that Figure 7 and the discussion of Figure 7 in the specification support its construction of the "is separated" limitation. Figure 7 depicts the Media Switch and its relationship to other components of the invention. Although the specification's discussion of Figure 7 is unclear in at least one respect,[1] the specification unambiguously describes the parser in the Media Switch as detecting "the beginning of all of the important events in a

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[1] The specification at one point refers to the Media Switch outputting "streams to the MPEG video decoder 715 and a separate audio decoder 717." '389 patent, col. 6, ll. 63-65, which suggests separate video and audio streams. Shortly thereafter, however, the specification refers to the "decoded audio output from the MPEG decoder" being "digitally mixed 718 with the separate audio signal." *Id.*, col. 7, ll. 1-3. Neither party has offered an explanation for why there is "audio output" from what was previously described as a "video decoder" and was distinguished from a "separate audio decoder." In the absence of any explanation by the parties for these seemingly inconsistent references, we draw no inferences from that passage of the specification.

video or audio stream." '389 patent, col. 6, ll. 39-40. That description supports EchoStar's contention that the video and audio components processed by the Media Switch are separated at the time of processing. For the foregoing reasons, we hold that the term "is separated," as used in the claims, denotes copying the audio and video components into separate buffers, not mere "logical separation" by way of indexing.

EchoStar concedes that its 50X DVRs separate the video and audio streams into distinct buffers. Therefore, the 50X DVRs satisfy the "is separated" limitation. TiVo's expert testified that the Broadcom DVRs logically separate the video and audio streams by creating a frame index table that indexes or stores pointers to the video data. TiVo does not appear to contest EchoStar's contention that the Broadcom DVRs do not separate the two streams of data into distinct buffers. Because we construe the term "is separated" to require separation into distinct buffers and not to encompass mere logical separation, as performed by the Broadcom DVRs, we agree with EchoStar that the evidence at trial does not show that the Broadcom DVRs satisfy the "is separated" limitation of the hardware claims.

C

EchoStar next contends that its 50X DVRs do not satisfy the seventh limitation of the hardware claims, which provides: "wherein said Output Section assembles said video and audio components into an

MPEG stream." EchoStar argues that the "assembles" limitation covers only the assembly of audio and video components into a single, interleaved MPEG stream. TiVo argues that the "assembles" limitation also covers the assembly of each component, audio and video, into its own separate stream. Because EchoStar does not dispute that the Broadcom DVRs satisfy the "assembles" limitation, even under its construction, the dispute over the "assembles" limitation applies only to EchoStar's 50X DVRs.

TiVo agrees that the 50X DVRs do not assemble audio and video components into a single interleaved MPEG stream, but instead assemble the audio and video streams into two separate MPEG streams. Nonetheless, TiVo argues that the 50X DVRs satisfy the "assembles" limitation because the reference to "an MPEG stream" must be interpreted to mean "one or more MPEG streams."

As a general rule, the words "a" or "an" in a patent claim carry the meaning of "one or more." *Baldwin Graphic Sys., Inc. v. Siebert, Inc.*, No. 2007-1262, slip op. at 7 (Fed. Cir. Jan. 15, 2008). That is particularly true when those words are used in combination with the open-ended antecedent "comprising." *See, e.g., Abtox, Inc. v. Exitron Corp.*, 122 F.3d 1019, 1023 (Fed. Cir. 1997). However, the question whether "a" or "an" is treated as singular or plural depends heavily on the context of its use. *See Norian Corp. v. Stryker Corp.*, 432 F.3d 1356, 1359 (Fed. Cir. 2005). The general rule does not apply when the context clearly

evidences that the usage is limited to the singular. *Baldwin Graphic,* slip op. at 10.

Unlike the case in *Baldwin Graphic,* where the claims and the written description could be read to encompass either a singular or plural interpretation of "a" or "an," the claims and written description in this case make clear that the singular meaning applies. The pertinent claim language refers to "assembl[ing] said video and audio components into an MPEG stream," which in context clearly indicates that two separate components are assembled into a single stream, not that the video components are assembled into one stream and the audio components into a second stream. Earlier limitations in the claims refer to converting specific programs into an MPEG stream, parsing that MPEG stream and separating it "into its video and audio components." Later limitations refer to sending the reassembled MPEG stream to a decoder and converting it into TV output signals. Those steps clearly describe the separation of a single stream into two components and then reassembly of the components into a single stream for conversion into television signals. Moreover, although the open-ended term "comprising" is used to refer generally to the limitations of the hardware claims, the "assembles" limitation itself does not contain that term. Rather, the claim language simply refers to the assembly of two components into "an MPEG stream."

The corresponding explanation in the specification refers to separating the MPEG stream into video and audio components, which are then

"reassembled into an MPEG stream." '389 patent, col. 2, ll. 15-29. That language describes the process of separating one stream into two sets of components and then reassembling the two sets of components into a single stream. In particular, when discussing the term "assembles," the specification states that "when the program is requested for display, the video and audio components are extracted from the storage device and reassembled into an MPEG stream which is sent to a decoder. The decoder converts the MPEG stream into TV output signals and delivers the TV output signals to a TV receiver." '389 patent, Abstract; *id.*, col. 2, ll. 27-32. The specification also provides that the "MPEG stream has interleaved video . . . and audio . . . segments." *Id.*, col. 4, ll. 23-26. That language, like the claim language, describes the MPEG stream that is "reassembled" as a single MPEG stream, not two different streams. The concept of reassembly indicates that the MPEG stream is restored to an earlier state, which in this case would be the state in which it was initially received by the system, as a single stream of data. Accordingly, we agree with EchoStar that the claim would be interpreted by one having ordinary skill in the art to require the reassembly of the audio and video components into a single interleaved stream.

TiVo argues that the "assembles" issue presents a question as to the sufficiency of the evidence and that TiVo's evidence of "assembly" has not been shown to be insufficient. But the evidence cited by TiVo did not establish infringement under the narrower test for

satisfying the "assembles" limitation that we have adopted. Rather, TiVo simply argues that the evidence showed that EchoStar's devices assemble video and audio components into separate streams or buffers.

For example, TiVo contends that EchoStar's 50X DVRs infringe the "assembles" limitation when performing a function referred to as "trickplay," which involves fast-forwarding or rewinding a television program. The evidence at trial, however, showed that trickplay involves only video data and does not result in the assembling of video and audio components into a single stream of data. TiVo's evidence therefore does not show that EchoStar's 50X DVRs satisfy the "assembles" limitation, as properly construed.

Because we hold that the term "assembles," as used in the hardware claims, requires interleaved assembly of the audio and video components, and because the evidence at trial did not show that the 50X DVRs perform interleaved assembly, we necessarily conclude that the 50X DVRs do not literally infringe the "assembles" limitation of the hardware claims. Inasmuch as the Broadcom DVRs do not satisfy the "is separated" limitation and the 50X DVRs do not satisfy the "assembles" limitation, we must reverse the portion of the judgment upholding the jury's verdict that EchoStar's DVRs literally infringe the hardware claims.

D

At several points, TiVo argues that even if this court were to overturn the jury's verdict of literal infringement, there would still be ample evidence of infringement under the doctrine of equivalents. There are two problems with upholding the judgment on the hardware claims on that basis. First, the jury was told that if it found literal infringement it should not make a determination as to whether there was infringement under the doctrine of equivalents, so there was no verdict on the issue of equivalents with regard to the hardware claims. Second, we have construed two of the claim limitations more restrictively than the trial court's instructions permitted. For that reason, even if the jury had reached a verdict with respect to the doctrine of equivalents we could not sustain that verdict merely upon finding that substantial evidence supported it. At this juncture, we could uphold the judgment on the basis of the doctrine of equivalents only if we were to conclude that no reasonable jury, given proper instructions, could reach any verdict other than to find infringement by equivalents. The parties, however, have not briefed that issue in any detail, and we therefore do not address it. More generally, we do not decide what further proceedings, if any, are appropriate in the district court regarding the equivalents issue. Instead, we leave that issue for the district court to resolve in the event that, on remand, TiVo decides to continue to pursue the hardware claims in light of this decision.

II

With respect to claims 31 and 61, the so-called "software claims," EchoStar argues that its DVRs do not satisfy several of the claim limitations and that the jury's verdict of infringement must be reversed.

Claim 31 of the '389 patent is the first of the two software claims. It provides as follows:

> A process for the simultaneous storage and play back of multimedia data, comprising the steps of:
>
> [1] providing a physical data source, wherein said physical data source accepts broadcast data from an input device, parses video and audio data from said broadcast data, and temporarily stores said video and audio data;
>
> [2] providing a source object, wherein said source object extracts video and audio data from said physical data source;
>
> [3] providing a transform object, wherein said transform object stores and retrieves data streams onto a storage device;
>
> [4] wherein said source object obtains a buffer from said transform object, said source object converts video data into data streams and fills said buffer with said streams;
>
> [5] wherein said source object is automatically flow controlled by said transform object;

> [6] providing a sink object, wherein said sink object obtains data stream buffers from said transform object and outputs said streams to a video and audio decoder;
>
> [7] wherein said decoder converts said streams into display signals and sends said signals to a display;
>
> [8] wherein said sink object is automatically flow controlled by said transform object;
>
> [9] providing a control object, wherein said control object receives commands from a user, said commands control the flow of the broadcast data through the system; and
>
> [10] wherein said control object sends flow command events to said source, transform, and sink objects.

Claim 61, the second of the two asserted software claims, is similar, except that it recites an apparatus rather than a process.

A

As a matter of claim construction, EchoStar challenges the district court's definition of the term "object." That word is used in the claim terms "source object," "transform object," "sink object," and "control object."

EchoStar's expert stated in his declaration that the term "object," as used in the computer arts,

means "an item written in an object-oriented computer programming language (for example, C++) that is an instance of a class from which it inherits properties, and that includes both data and all procedures that operate on the data." Based on that declaration, EchoStar urged the court to define the term "object" as meaning an item written with an object-oriented computer programming method such as C++ "that encapsulates data and the procedures necessary to operate on that data and can inherit properties from a class or another object."

TiVo's expert offered a broader definition for the term "object," referring to it as "a software term that describes a collection of data or operations." He explained that "objects" can contain both data and operations, but that they may contain only data or only operations. He added that the term "object" does not imply the use of an object-oriented computer language, and that objects and object-oriented techniques can be used in many programming languages. As support for its proposed definition, TiVo cited a technical dictionary, which gave "a collection of data and operations" as one of the definitions of the term "object." *IEEE 100: The Authoritative Dictionary of IEEE Standard Terms* 752 (7th ed. 2000).

After assessing the competing expert declarations and the evidence to which the parties directed the court's attention, the district court accepted as the proper definition of "object" the definition offered by TiVo, i.e., "a collection of data and operations." The court concluded that TiVo's

definition represented the plain meaning of the term "object" to one of ordinary skill in the art. The court also concluded that persons of ordinary skill in the art would "readily understand the meaning of 'source object' upon a reading of the claim language and its context in the specification." Based on both intrinsic and extrinsic evidence, the court concluded that "in accordance with its ordinary meaning" the term "source object" means "a collection of data and operations that (1) extracts video and audio data from a physical data source, (2) obtains a buffer [memory where data can be temporarily stored for transfer] from a transform object, (3) converts video data into data streams, and (4) fills the buffer [memory where data can be temporarily stored for transfer] with the streams." Additionally, the court defined "transform object" to mean "a collection of data and operations that transforms the form of the data upon which it operates"; it defined "sink object" to mean "a collection of data and operations that (1) obtains data stream buffers [memory where data can be temporarily stored for transfer] from a transform object and (2) outputs the streams to a video and audio decoder"; and it defined "control object" as "a collection of data and operations that receives commands from a user that control the flow of broadcast data."

On appeal, EchoStar argues that the district court erred in failing to construe the term "object" to require the use of object-oriented software. EchoStar points out that the patent describes how three

conceptual components that are featured in the software claims – source object, transform object, and sink object – work in the context of software written in the C++ programming language, which employs an "object-based approach" that collects together logical operations and software elements that perform those operations.

We discern no error in the district court's claim construction. While the patent specification includes an embodiment showing the use of "a C++ class hierarchy derivation of the program logic," '389 patent, col. 8, ll. 9-10, and uses terms characteristic of object-oriented programming in connection with that example, neither the written description nor the claims anywhere state or imply that the invention must use object-oriented programming in general, or C++ in particular. Without more, the use of an example that employs object-oriented programming is not sufficient to require that the claims be limited to embodiments using C++ or a similar programming language. Moreover, while EchoStar criticizes the court for using an alternative definition in a technical dictionary as the basis for its definition of the term "object," TiVo offered evidence other than the dictionary that supported that definition – in particular, its expert's declaration – and the district court concluded that persons of ordinary skill in the art would understand that term according to its ordinary meaning, which accorded with TiVo's definition.

Importantly, the term "object" was not used by itself in the claims, but rather as part of the terms "source object," "transform object," "sink object," and "control object." The district court defined each of those terms by reference to the functions performed by the collection of data and operations, and aside from its contention that the claims should be read to require object-oriented programming, EchoStar does not object to those definitions. Because the intrinsic evidence did not limit the scope of the software claims in the manner that EchoStar urges, and because the district court's construction of each of the claim terms was soundly based on the extrinsic evidence proffered by TiVo, we find no error in the court's decision not to limit the software claims to embodiments employing object-oriented programming such as C++.[2]

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[2] As noted, the district court based its construction of the software claims on its conclusion as to what the critical claim terms would mean to a person of skill in the art. That conclusion in turn was largely based on the court's assessment of extrinsic evidence. Although we have characterized claim construction as a question of law even when it involves competing presentations of extrinsic evidence, *Cybor Corp. v. FAS Techs., Inc.*, 138 F.3d 1448, 1456 (Fed. Cir. 1998) (en banc), we recognize that there is substantial force to the proposition that such a conclusion is indistinguishable in any significant respect from a conventional finding of fact, to which we typically accord deference. *See Amgen Inc. v. Hoechst Marion Roussel, Inc.*, 469 F.3d 1039, 1041 (Fed. Cir. 2006) (Michel, C.J., dissenting from denial of rehearing en banc); *id.* at 1043 (Newman, J., dissenting from denial of rehearing en banc); *id.* at 1044 (Rader, J., dissenting from denial of rehearing en banc); *id.* at 1045 (Gajarsa, J., concurring in denial of rehearing en banc); *id.* at 1046 (Moore, J., dissenting

(Continued on following page)

B

We next address EchoStar's argument that the jury's finding of infringement is not supported by substantial evidence even under the district court's construction of the critical language of the software claims. EchoStar argues that in order to be a "collection" of data and operations, all data and operations that constitute the "collection" must be grouped together within the software code or perhaps within a single file. The word "collection," however, brings with it no such requirement of co-location. TiVo's expert explained that the EchoStar software at issue constitutes "a collection of data and operations" because the relevant subroutines are part of the same program and are "able to interact and get access to the data they need to." He testified that because the EchoStar software allows the subroutines to "come together to achieve a particular function in each case, and . . . share data," they constitute "a collection of data and operation[s]." EchoStar offers nothing other than its own expert's testimony to rebut TiVo's expert on this issue. Particularly in light of the absence of any objective support for the testimony of EchoStar's expert that a "collection" of data and operations must appear in the same subroutine or subdirectory within

---

from denial of rehearing en banc). Applying our governing non-deferential standard of review, we uphold the district court's conclusion in this case. If we were to treat that ruling as a finding of fact, we would uphold the district court's ruling *a fortiori* in light of the more deferential "clear error" standard applicable to factual findings.

the software code, we cannot agree with EchoStar that the jury's verdict was unsupported by substantial evidence.

EchoStar also argues that its DVRs do not satisfy the portion of the "source object" limitation that requires the source object to "extract[] video and audio data from said physical data source." EchoStar argues in part that TiVo and its expert, Dr. Jerry Gibson, addressed this limitation with respect to only one model of EchoStar's DVRs. While it is true that Dr. Gibson testified in detail with respect to only one type of device, there is nothing improper about an expert testifying in detail about a particular device and then stating that the same analysis applies to other allegedly infringing devices that operate similarly, without discussing each type of device in detail. Dr. Gibson testified that the other models of EchoStar's DVRs operate similarly with respect to the "source object" limitation, and EchoStar's own expert, Dr. V. Thomas Rhyne, also discussed the various models of EchoStar DVRs collectively and made no relevant distinction among them with respect to this limitation. Furthermore, Dr. Rhyne specifically stated that the 50X DVRs use the same hardware push to a temporary memory buffer as is used in the device that was analyzed by Dr. Gibson, and in its brief EchoStar points to no distinction among the DVRs that would require separate analysis. We therefore analyze all of the DVRs together with respect to the "source object" limitation.

EchoStar argues that its DVRs do not contain software that extracts data. Instead, it contends that its devices use a "hardware push" to move data from the physical data source to a temporary data buffer. EchoStar also argues that its Broadcom devices push the data to a temporary buffer and not to the Broadcom chip. Finally, EchoStar argues that, for its Broadcom DVRs, the "loctl" command identified by TiVo's expert cannot "extract[ ] video and audio data from said physical data source" because it does not extract data from any circuitry on the Broadcom chip, but instead extracts data from the temporary data buffer that is connected to the Broadcom chip.

As an initial matter, software alone cannot extract data from a physical device; it can only control hardware that extracts data. Therefore, when a device "extracts video and audio data from [a] physical data source," it is necessarily the case that certain hardware operations are performed. For that reason, the hardware/software distinction made by EchoStar is unhelpful. What matters is whether the operations performed by the interaction of software and hardware in the accused DVRs, taken as a whole, are covered by the claim term. In order to assess EchoStar's argument, we must determine whether the evidence was sufficient to show that the particular process employed in EchoStar's accused devices is covered by the "extracting" limitation. That is, we must determine whether the process of pushing data from the physical data source to a temporary data storage buffer and then extracting the data from

the temporary data storage buffer, all under the general control of the DVR software, constitutes a process that is fairly described as "extract[ing] video and audio data from said physical data source," as recited in the software claims.

After consideration of the parties' arguments and the evidence to which the parties have drawn our attention, we conclude that there was sufficient evidence from which the jury could find that the "extracting" limitation was satisfied. In particular, it was reasonable for the jury to find that the two-part process of moving data from the physical data source to the source object, as practiced in the EchoStar devices, constitutes extraction by the source object of video and audio data from the physical data source, as those terms are used in the "extracts" limitation of the software claims. In particular, the jury could have rejected the argument made by EchoStar, based on the testimony of its experts, that data is not extracted from the physical data source because it is extracted from the temporary data storage buffer that is next to, but separate from, the chip that the experts characterized as constituting the physical data source.

EchoStar points out that TiVo's expert, Dr. Gibson, did not refer to the temporary data storage buffer in the course of his general characterization of the components of the physical data source in the EchoStar DVRs. Instead, he stated that "the physical data source is on the Broadcom chip," and he identified a number of circuits on that chip on which

the physical data source "relies." In that context, he did not specifically state that the temporary data storage buffer to which the data was pushed was part of the physical data source or part of the Broadcom chip. EchoStar's experts, Drs. Rhyne and Johnson, testified that the data is "pushed" out of the elements on the Broadcom chip to the temporary data storage buffer adjoining, but separate from, the Broadcom chip. Even though EchoStar does not contest that the data is extracted from the temporary data storage buffer, it contends that the temporary storage buffer is not part of the physical data source and therefore that the data is not extracted from the physical data source. Dr. Gibson also testified, however, that the loctl command extracts the video and audio data from the "physical data source." Under EchoStar's reasoning, his two statements, made one after the other, are in conflict. Even assuming a conflict in his testimony, however, the jury was entitled to weigh the evidence and find that Dr. Gibson's failure to specifically identify the temporary data storage buffer as part of the physical data source is outweighed by his much clearer statement that the loctl command extracts data from the physical data source, which necessarily includes the adjoining temporary data storage buffer.

Based on evidence that the Broadcom chip and the temporary data storage buffer operate together in the process of moving data from the physical data source, it was reasonable for the jury to find that the temporary data buffer was simply an extension of the

physical data source where data was stored pending its extraction for further processing. From that evidence, the jury could permissibly find that the "loctl" command, the relevant portion of the source object in the EchoStar DVRs, extracts video and audio data from the physical data source. As there is substantial evidence that the required data and operations are performed by the accused DVRs, and because we agree that the pertinent data and operations do not need to be housed within a particular file or grouping of lines of code, the EchoStar DVRs satisfy the "extracting" limitation. We therefore uphold the jury's verdict that the EchoStar DVRs infringe the software claims of the '389 patent.

III

EchoStar argues that TiVo made "grossly misleading, if not false, [statements]" in its argument to the jury and that those statements were so prejudicial that they require that EchoStar be granted a new trial. EchoStar contends that TiVo's counsel told the jury that EchoStar never sought a written opinion, and that the reason it did not do so was that any independent lawyer would have said that the EchoStar devices infringed. TiVo responds that its lawyer's remarks about the failure to seek a written opinion applied only to a particular law firm, the Bozicevic firm, and that there was nothing false or misleading about the comments when viewed in that context.

In discussing EchoStar's interactions with the lawyers from the Bozicevic firm, TiVo's counsel argued to the jury that the evidence showed that for two years EchoStar had failed to give the lawyers the technical information they needed to provide a written opinion on infringement and that "if [EchoStar] gave the lawyers, the independent lawyers, the technical information, . . . they would say that there is infringement." EchoStar argues that it did not pursue a written infringement opinion from the Bozicevic firm because its own internal investigation satisfied it that there was no infringement and because it was engaged in negotiating a business deal with TiVo that made the issue of possible infringement less important. Moreover, EchoStar points out that after TiVo filed suit, EchoStar sought and obtained two formal opinions of noninfringement from another outside law firm. Nonetheless, EchoStar argues, TiVo took unfair advantage of the district court's refusal to admit the outside law firm's opinions by suggesting to the jury that EchoStar had avoided obtaining an infringement opinion, even though TiVo's counsel knew that EchoStar had sought and obtained written advice regarding infringement from another firm.

In context, we think it was clear that the statements by TiVo's counsel were directed only to the Bozicevic firm and that the district court was correct to conclude that counsel's comments did not deny EchoStar a fair trial. Counsel's comments about the failure to obtain an opinion on the issue of

infringement were made with respect to the lawyers referred to immediately before that comment during counsel's argument, that is, the lawyers from the Bozicevic firm. The trial court agreed that the statements were directed to the Bozicevic law firm. Moreover, the court cautioned the jury several times that lawyers' statements are not evidence. The trial judge, who was present during the argument and could assess the accuracy and impact of the statements, was in a far better position than we are to determine how those statements would have been understood by the jury and whether they were unfairly prejudicial to EchoStar's defense. In any event, as TiVo points out, the disputed argument bore only on the issue of willfulness. Because the trial court declined to enhance damages or award attorney fees to TiVo, the dispute over willfulness is moot.

EchoStar insists that the trial court's treatment of the issue of willfulness, including the court's failure to strike counsel's argument about the Bozicevic firm, or at least to admit evidence regarding EchoStar's other steps to obtain legal opinions regarding infringement, unfairly prejudiced EchoStar's defense. So far as is revealed by a review of the cold record, however, we conclude that the transcript does not support EchoStar's claim of prejudice. The statements made by counsel did not imply that EchoStar never sought a written opinion or that any reasonable lawyer would say that there is infringement, as EchoStar urges. In addition, and importantly, the statements related to the issue of

willfulness and did not directly affect the issues of infringement and invalidity that ended up affecting the trial court's judgment. In the end, despite EchoStar's vigorous urging on this point, we are not persuaded that counsel's conduct was both improper and so prejudicial that we must override the trial judge's exercise of discretion with respect to the supervision of the trial proceedings and direct that a new trial be held.

IV

EchoStar next argues that the district court improperly limited the testimony of its expert, Dr. Nathaniel Polish, on the issue of the asserted invalidity of the '389 patent. EchoStar wanted Dr. Polish to be allowed to state that the infringement analysis provided by TiVo's expert Dr. Gibson, if accepted, would compel a finding of invalidity. The trial court allowed Dr. Polish to give his opinion as to validity based on the court's construction of the claim terms, but it refused to allow him to testify about how Dr. Gibson's infringement analysis would affect the issue of invalidity. The district court explained its ruling by stating that "Dr. Polish's testimony should be limited to the Court's claim construction and the prior art, not the criticism of Dr. Gibson's report or previous testimony."

We agree with TiVo that the district judge did not abuse his discretion in the way he ruled on the proper scope of Dr. Polish's testimony. An expert must

"[compare] the construed claims to the prior art." *Helifix, Ltd. v. Blok-Lok, Ltd.*, 208 F.3d 1339, 1346 (Fed. Cir. 2000). Dr. Polish was allowed to testify regarding how the prior art related to the claims as construed. He was prohibited from testifying about how the prior art related to "Dr. Gibson's view of the claims." Dr. Polish was free to testify about whether the prior art practiced the claimed invention. In light of the court's construction of the asserted claims, EchoStar was not denied the benefit of Dr. Polish's testimony on the issue of invalidity. The court's ruling therefore did not deprive EchoStar of any evidence it was entitled to introduce; at the same time, the court's ruling avoided possible jury confusion by ensuring that the invalidity inquiry focused on the relationship between the prior art and the claims, as construed by the court. We hold that the trial court's handling of Dr. Polish's testimony did not prejudice EchoStar's right to a fair trial.

V

In sum, because of a failure of proof of literal infringement, we reverse the judgment of infringement of the hardware claims with respect to all of the accused devices. We remand for any further proceedings that may be necessary with respect to those claims. We affirm the judgment of infringement of the software claims with respect to all of the accused devices. Because the damages calculation at trial was not predicated on the infringement of particular claims, and because we have upheld the

jury's verdict that all of the accused devices infringe the software claims, we affirm the damages award entered by the district court.

The district court's injunction was stayed during the course of these proceedings. The stay that was issued pending appeal will dissolve when this appeal becomes final. At that time, the district court can make a determination as to the additional damages, if any, that TiVo has sustained while the stay of the permanent injunction has been in effect.

Each party shall bear its own costs for this appeal.

AFFIRMED IN PART, REVERSED IN PART, and REMANDED.

APPENDIX B

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF TEXAS MARSHALL DIVISION

TIVO INC.,	§	
Plaintiff,	§	
	§	
v.	§	**2:04-CV-1-DF**
ECHOSTAR	§	
COMMUNICATIONS	§	
CORP., et al.	§	
Defendants.	§	

AMENDED FINAL JUDGMENT AND PERMANENT INJUNCTION

(Filed Sept. 8, 2006)

Pursuant to Rule 58 of the Federal Rules of Civil Procedure and in accordance with the jury verdict delivered on April 13, 2006 and with the Court's contemporaneously filed orders, the Court thereby enters judgment for Plaintiff against Defendants for willful infringement of U.S. Patent No. 6,233,389 ("'389 patent"), claims 1, 5, 21, 23, 32, 36, 52, 31 and 61 ("the Infringed Claims") by Defendants' following DVR receivers (collectively the "Infringing Products"): DP-501; DP-508; DP-510; DP-522; DP-625; DP-721; DP-921; and the DP-942. The jury in this case found EchoStar's infringement to be willful, but the Court, finding that Echostar did not act in bad faith and that this is not an "exceptional case," has determined

that there should be no enhancement of damages and no award of attorneys fees pursuant to 35 U.S.C. Sections 284 and 285. The Court also enters judgment for Plaintiff on Defendants' counterclaims for declaratory judgment of non-infringement, invalidity, and unenforceability.

IT IS THEREFORE ORDERED THAT Plaintiff shall have and recover from Defendants, jointly and severally, the total sum of $73,991,964.00, together with prejudgment interest at the rate of prime, said prejudgment interest in the total sum of $5,367,544.00[1], together with supplemental damages in the amount of $10,317,108.00, together with post-judgment interest on the entire sum calculated pursuant to 28 U.S.C. § 1961. The amounts awarded in this judgment shall bear interest from the date of judgment at the lawful federal rate.

IT IS FURTHER ORDERED THAT

Each Defendant, its officers, agents, servants, employees and attorneys, and those persons in active concert or participation with them who receive actual notice hereof, are hereby restrained and enjoined, pursuant to 35 U.S.C. § 283 and Fed. R. Civ. P. 65(d),

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[1] The prejudgment interest and supplemental damages award herein do not cover the time period from August 1, 2006 to the date of entry of this Order. Consistent with the contemporaneously filed order addressing prejudgment interest and supplemental damages, the Court will award additional prejudgment interest and supplemental damages after receipt of additional information from Plaintiff's damages expert.

from making, using, offering to sell, selling, or importing in the Untied [sic] States, the Infringing Products, either alone or in combination with any other product and all other products that are only colorably different therefrom in the context of the Infringed Claims, whether individually or in combination with other products or as a part of another product, and from otherwise infringing or inducing others to infringe the Infringed Claims of the '389 patent.

Defendants are hereby **FURTHER ORDERED** to, within thirty (30) days of the issuance of this order, disable the DVR functionality (i.e., disable all storage to and playback from a hard disk drive of television data) in all but 192,708 units of the Infringing Products that have been placed with an end user or subscriber. The DVR functionality, i.e., disable all storage to and playback from a hard disk drive of television data) shall not be enabled in any new placements of the Infringing Products.

Defendants shall forthwith provide written notice of this judgment, and the injunction ordered herein, to: their officers, directors, agents, servants, representatives, attorneys, employees, subsidiaries and affiliates, and those persons in active concert or participation with them, including any and all manufacturers, distributors, retailers, and service providers who have been involved in the making, using, selling, offering for sale or importing of any Infringing Products; and to all other persons or entities involved in any way with the making, using,

selling, offering for sale or importing of any Infringing Products. Defendants shall take whatever means are necessary or appropriate to ensure that this order is properly complied with.

This injunction shall run until the expiration of the '389 patent.

This Court retains jurisdiction over Defendants to enforce any and all aspects of this Judgment and Permanent Injunction.

The Court further retains jurisdiction to award Plaintiff amounts for supplemental damages, interest, costs, attorneys fees and such other or further relief as may be just and proper.

All relief not specifically granted herein is denied. All pending motions not previously ruled on are denied. This is a Final Judgment and is appealable.

SIGNED this 8th day of September, 2006.

/s/ David Folsom
DAVID FOLSOM
UNITED STATES
DISTRICT JUDGE

APPENDIX C

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

2006-1574

TIVO, INC.,

Plaintiff-Appellee,

v.

ECHOSTAR COMMUNICATIONS CORPORATION, ECHOSTAR DBS CORPORATION, ECHOSTAR TECHNOLOGIES CORPORATION, ECHOSPHERE LIMITED LIABILITY COMPANY, and ECHOSTAR SATELLITE LLC,

Defendants-Appellants.

Appeals from the United States District Court for the Eastern District of Texas in case no. 2:04-CV-01, Judge David Folsom.

ORDER

(Filed Apr. 11, 2008)

NOTE: This order is nonprecedential.

A combined petition for panel rehearing and for rehearing en banc having been filed by the Appellants, and the petition for rehearing, having been referred to the panel that heard the appeal, and thereafter the petition for rehearing en banc having been referred to the circuit judges who are in regular active service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for panel rehearing be, and the same hereby is, DENIED and it is further

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on April 18, 2008.

FOR THE COURT,

/s/ Jan Horbaly [JB]
Jan Horbaly
Clerk

Dated: 04/11/2008

cc: Donald R. Dunner
Morgan Chu

TIVO V ECHOSTAR COMMUNICATIONS, 2006-1574 (DCT - 2:04-CV-01)

APPENDIX D

Rule 401 of the Federal Rules of Evidence provides:

> "Relevant evidence" means evidence having any tendency to make the existence of any fact that is of consequence to the determination of the action more probable or less probable than it would be without the evidence.

Rule 402 of the Federal Rules of Evidence provides:

> All relevant evidence is admissible, except as otherwise provided by the Constitution of the United States, by Act of Congress, by these rules, or by other rules prescribed by the Supreme Court pursuant to statutory authority. Evidence which is not relevant is not admissible.

Rule 403 of the Federal Rules of Evidence provides:

> Although relevant, evidence may be excluded if its probative value is substantially outweighed by the danger of unfair prejudice, confusion of the issues, or misleading the jury, or by considerations of undue delay, waste of time, or needless presentation of cumulative evidence.

Rule 702 of the Federal Rules of Evidence Provides:

> If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence or to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education, may testify thereto in the form of an opinion or otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case.

FILED
AUG 29 2008
OFFICE OF THE CLERK
SUPREME COURT, U.S.

No. 08-179

IN THE

Supreme Court of the United States

ECHOSTAR COMMUNICATIONS CORP., *et al.*,
Petitioners,

v.

TIVO INC.,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

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QUESTION PRESENTED

The question EchoStar presents was not pressed or passed upon in the court of appeals. The question EchoStar has preserved is:

Whether the Federal Circuit correctly held that on the facts of this case the district court did not abuse its discretion in refusing to allow EchoStar's expert to testify before the jury about the interpretation of patent claims, which this Court has made clear is a "purely legal" issue "exclusively within the province of the court." *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370, 372, 391 (1996).

CORPORATE DISCLOSURE STATEMENT

Respondent TiVo Inc. has no parent corporation. No publicly held company owns ten percent or more of TiVo's stock.

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IN THE

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No. 08-179

ECHOSTAR COMMUNICATIONS CORP., *et al.*,
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TIVO INC.,
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ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF IN OPPOSITION

STATEMENT

EchoStar's Introduction and its Statement of the Case, though accurately recounting the basic facts of the proceedings below, are marred by inaccuracies, mischaracterizations, and material omissions. Errors of consequence will be addressed in detail in the argument section, but two particularly notable misstatements warrant prompt correction.

First, the court of appeals did not adopt any "categorical rule" (*e.g.*, Pet. 2) in this case about the admissibility of expert testimony. The court's entire discussion of EchoStar's argument regarding its invalidity expert, Nathaniel Polish, consists of two paragraphs. *See* Pet.

App. 44a-45a. The first paragraph describes EchoStar's argument and the district court's ruling, while the second explains why, on the facts of this case, that ruling was not an abuse of the district court's discretion. *See id.* at 44a ("We agree with TiVo that the district judge did not abuse his discretion in the way he ruled on the proper scope of Dr. Polish's testimony.").

Second, EchoStar repeatedly asserts that TiVo's infringement expert, Jerry Gibson, testified about the meaning (*i.e.*, the proper interpretation) of terms in the patent claims. *See* Pet. 10 ("Dr. Jerry Gibson[] testified as to the meaning of the court's claim construction[.]"); *see also* Pet. 2-3, 12, 13, 15. That is incorrect. Consistent with this Court's decision in *Markman* v. *Westview Instruments, Inc.*, 517 U.S. 370 (1996), which placed claim construction "exclusively within the province of the court," *id.* at 372, Dr. Gibson restricted his testimony to the factual question whether EchoStar's digital video recorders (DVRs) infringe TiVo's patent claims, as those claims were construed before trial by the district court. At trial EchoStar evidently recognized this, as it made no objection that Dr. Gibson was addressing claim construction. Nor, despite its assertions here, does EchoStar point to anything Dr. Gibson said that supposedly constituted a departure from the district court's interpretation of the claims.[1]

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[1] Relatedly, EchoStar refers to TiVo's experts having testified about "the meaning of terms that the court did not construe." Pet. 10-11; *see also* Pet. 11 ("unconstrued claims"). These references sound a theme prominent in EchoStar's briefing to the court of appeals, namely that the district court erred in failing to construe certain patent terms. Although EchoStar's argument never had merit (as the court of appeals recognized), it is plainly irrelevant at this point because all of the patent terms that EchoStar

ARGUMENT

EchoStar asks this Court to review the Federal Circuit's purported adoption of "a patent-specific, categorical rule of evidence" (Pet. i), one that allegedly conflicts with other courts' application of the Federal Rules of Evidence and with an "admonition" (*id.*) of this Court. Review is unwarranted for several related but independent reasons.

1. First, as explained immediately below, EchoStar did not present to the court of appeals the issue it advances here, and accordingly that court never addressed EchoStar's argument. These circumstances alone are fatal to the petition, because this Court's "traditional rule ... precludes a grant of certiorari ... when the question presented was not pressed or passed upon below." *United States* v. *Williams*, 504 U.S. 36, 41 (1992) (internal quotation marks omitted); *see also, e.g.*, *United States* v. *United Foods, Inc.*, 533 U.S. 405, 416-417 (2001) (declining to consider an argument that "was not raised or addressed in the Court of Appeals" (internal quotation marks omitted)).

The question EchoStar now presents (Pet. i) concerns its supposed inability to introduce evidence regarding "key contradictions between the testimony of the plaintiff's infringement expert and the plaintiff's validity expert." In the court of appeals, however, EchoStar never alleged that such contradictions existed, nor did it complain that it had been prevented from introducing evidence at trial regarding them.

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pointed to in making the argument appear in claims 1 and 32 of TiVo's patent. As the petition states (at 15), the court of appeals ruled in EchoStar's favor on those claims.

EchoStar argued in its merits briefs that its validity expert, Nathaniel Polish, should have been allowed to criticize the testimony of TiVo's infringement expert, Jerry Gibson, and specifically should have been allowed to tell the jury that if TiVo's patent claims were infringed for the reasons Dr. Gibson gave, then the claims would be invalid. EchoStar C.A. Br. 67-68; EchoStar C.A. Reply Br. 29-32. EchoStar did not argue that Dr. Gibson's testimony conflicted with that of James Storer, TiVo's validity expert, let alone that it was impermissibly blocked from highlighting any such contradiction. Indeed, save for one passing reference, Dr. Storer was never mentioned in EchoStar's briefs—leaving EchoStar with no basis to complain now (*see* Pet. 3, 13, 18, 31) about its inability to cross-examine him as it wished.[2]

EchoStar is therefore wrong in stating (Pet. 16) that "[t]he court of appeals rejected petitioners' challenge to the exclusion of their expert testimony about the contradictions in the testimony by respondents' experts." The court of appeals could not have rejected such a challenge, because no such challenge was made. It cannot be made for the first time here.[3]

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[2] EchoStar did not challenge the validity of any of TiVo's patent claims in the court of appeals, but before trial it initiated a reexamination proceeding in the Patent and Trademark Office. *See* 35 U.S.C. § 302. That office confirmed the validity of all of TiVo's claims. *See, e.g.*, May Wong, *TiVo Wins Validation of Its Video Recorder Patent in Ongoing Dispute with EchoStar*, Associated Press, Nov. 29, 2007.

[3] The language quoted in the text also misleadingly suggests that EchoStar actually sought to offer "expert testimony about the contradictions in the testimony by respondent's experts." Pet. 16; *see also* Pet. 13, 18, 26. It did not. In fact, Dr. Polish testified *be-*

Nor did EchoStar raise the question it now presents when it sought rehearing in the court of appeals. Its rehearing petition did not contend that the court had adopted any "categorical rule," or that the panel's decision conflicted with the Federal Rules of Evidence or with any of the decisions from this Court or other circuits that EchoStar now cites. (Not one of those cases, and no rule of evidence, was cited in EchoStar's merits briefs below or in its rehearing petition.) In fact, EchoStar's rehearing petition made no mention at all of Dr. Polish. It pointed instead to an entirely different supposed conflict between the panel's decision and this Court's case law—an argument the court of appeals rejected without even requiring TiVo to file a response. EchoStar's failure to preserve for review the issue it now presents is clear.

2. Review is also unwarranted because the court of appeals did not, as EchoStar repeatedly insists, adopt any "categorical" (Pet. i, 2, 17, 25), "*per se*" (Pet. 24), or "sweeping" (Pet. 17) rule. Judge Bryson's opinion for the unanimous panel simply held—in a single paragraph of analysis—that the district court did not abuse its discretion in refusing to let EchoStar's invalidity expert, Dr. Polish, repeatedly refer to and criticize the testimony of TiVo's infringement expert, Dr. Gibson. Pet. App. 44a-45a. The court explained that "EchoStar was not denied the benefit of Dr. Polish's testimony on the issue of invalidity" because "Dr. Polish was free to testify about whether the prior art prac-

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fore Dr. Storer did, so without being recalled (which was never suggested), Dr. Polish could not have testified about "contradictions" between Dr. Storer's testimony and Dr. Gibson's.

ticed the claimed invention," *id.* at 45a, which was the relevant factual issue in EchoStar's invalidity defense.[4]

Seeking to manufacture something resembling a "categorical rule," EchoStar wrongly states that the Federal Circuit "held ... that a party's expert is 'prohibited from testifying about how the prior art relate[s] to [its opponent's expert's] view of the claims.'" Pet. 16 (alterations in original) (quoting Pet. App. 45a) (other internal quotation marks omitted). As a fuller excerpt from the opinion shows, the sentence that EchoStar quotes merely describes the district court's ruling on the issue. *See* Pet. App. 45a ("Dr. Polish was allowed to testify regarding how the prior art related to the claims as construed. He was prohibited from testifying about how the prior art related to 'Dr. Gibson's view of the claims.'").

Because the Federal Circuit's ruling was a fact-bound rejection of the factbound argument that Echo-

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[4] Indeed, the district court actually allowed much of the evidence and argument that EchoStar now claims was improperly excluded. For example, Dr. Polish testified that in conducting his "analysis of the validity of the claims, [he] look[ed] to how TiVo applied its allegations through Dr. Gibson to the EchoStar devices." 4/10/06 am Tr. 15. And EchoStar's counsel repeatedly argued to the jury that EchoStar's DVRs could infringe TiVo's patent only if the patent claims were read so broadly as to render them invalid. *See* 3/29/06 am Tr. 68-69 (opening statement) ("They are trying to move out the boundaries of what the patent and trademark office gave them. ... [I]f you let them do that, then these claims also read on all of the other DVRs that were out in the marketplace before TiVo even existed as a company[.]"); 4/7/06 pm Tr. 13 (mid-trial argument) ("[I]n order to say that we infringe, they have to [move out] the boundaries of their invention, as set by the claim[.]"); 4/13/06 Tr. 141-142 (similar statements during closing argument, mentioning Dr. Gibson three times).

Star made to that court, the decision is unlikely to have any significant impact on patent litigation in "district court[s] across the country." Pet. 30. There is no evidence to support EchoStar's dire predictions of disruption and unfairness, and thus no need for this Court's review.[5]

3. Finally, review is unwarranted because the limitation on Dr. Polish's testimony was proper.

a. Although EchoStar refers repeatedly to the Federal Circuit's "categorical rule," it is quite circumspect about what exactly that rule is and hence about what category of expert evidence the rule supposedly excludes. The reason for EchoStar's coyness is simple: The expert testimony EchoStar wanted to adduce concerned the proper construction of patent claims. Specifically, EchoStar wanted Dr. Polish to suggest to the jury that Dr. Gibson had departed during his testimony from the district court's claim construction, by having Dr. Polish testify that if the claims were construed in the way Dr. Gibson had testified, they would be invalid.

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[5] As to the importance of this case to the parties, EchoStar repeatedly raises the specter of the "potentially business-altering permanent injunction" imposed on it. Pet. 4, 19, 30. While TiVo agrees that the district court's injunction should alter EchoStar's business practices, EchoStar for months has been assuring investors and customers that the injunction will have *no* effect on its business because it has supposedly altered its DVR software so as to avoid infringing TiVo's patent. *See* DISH Network Press Release (Apr. 11, 2008) ("[T]he Federal Circuit['s denial of] rehearing ... will have no effect on our current or future customers because EchoStar's engineers have developed and deployed 'next-generation' DVR software to our customers' DVRs." (other internal quotation marks omitted)); EchoStar Amended Annual Report for 2007 (Form 10-K/A) at 39 (filed Feb. 27, 2008) (similar).

See Pet. 13 ("[Dr. Polish] would have testified that if the scope of respondent's patent claims was as broad as respondent's infringement expert, Dr. Gibson, had testified ..., then the patent claims were invalid[.]").

Such testimony had no place at trial. As this Court held a dozen years ago, claim construction is a question of law and hence properly resolved by the trial judge rather than the jury. *See Markman*, 517 U.S. at 372 ("The question here is whether the interpretation of a so-called patent claim ... is a matter of law reserved entirely for the court, or subject to a Seventh Amendment guarantee that a jury will determine the meaning of any disputed term of art about which expert testimony is offered. We hold that the construction of a patent, including terms of art within its claim, is exclusively within the province of the court."). EchoStar belatedly acknowledges this holding, stating near the end of its petition that "the court, rather than the jury, is charged with construing a patent's claims" and that "it is for the court to construe the claims." Pet. 32; *see also* Pet. 29. Yet EchoStar persists in arguing for the right to adduce expert testimony to the jury regarding claim construction, on two meritless grounds.

First, EchoStar notes that a court's claim construction may leave "a certain degree of ambiguity." Pet. 32. But residual ambiguity in a trial judge's legal instructions (a phenomenon hardly unique to patent litigation) does not entitle the parties to step in and fill the gaps. EchoStar's argument is a thinly disguised assault on *Markman*'s holding that claim construction is not a jury issue. There is no basis to revisit that holding—certainly not in a case in which petitioners did not present their argument below and even now do not forthrightly challenge this Court's precedent.

Second, EchoStar contends that Dr. Gibson offered the jury his own interpretation of the patent claims. *See* Pet. 10-11. As discussed above, *see supra* page 2, that is not correct. EchoStar nowhere cites testimony from Dr. Gibson that departed from the court's claim construction, and for good reason. Dr. Gibson properly limited his testimony to the factual question whether EchoStar's DVRs infringed TiVo's patent claims as construed by the court. Indeed, Dr. Gibson expressly stated (when asked by EchoStar on cross-examination) that he was "testifying according to the Court's claim construction." 3/31/06 am Tr. 72. This is undoubtedly why EchoStar never objected that any of Dr. Gibson's testimony improperly concerned claim construction.

More fundamentally, even if Dr. Gibson had offered his own views on the proper construction of the patent claims, EchoStar would not have been entitled to do the same with its expert. If one party believes that another is improperly invading the province of the district court, its recourse is to object and submit the matter for resolution by the court. It may not instead sit silently during the alleged offense, compound any initial problem by attempting to offer inadmissible evidence from its own witness, and then complain if that evidence is challenged and properly excluded. Hence, even accepting EchoStar's characterization of the Federal Circuit's ruling, that ruling is entirely consistent with *Markman*.

b. The ruling as EchoStar characterizes it is also consistent with the Federal Rules of Evidence (which EchoStar never cited to that court). As EchoStar says (Pet. 8, 20), under Rule 401 evidence is relevant if it tends to make any *fact* of consequence more or less probable. Because claim construction is a "purely legal" issue, *Markman*, 517 U.S. at 391, testimony about

it does not pertain to any fact of consequence. It is therefore not relevant. And Rule 402 provides that "[e]vidence which is not relevant is not admissible." Moreover, as EchoStar states (Pet. 20), whether expert testimony would "assist the trier of fact"—the core requirement for admissibility under Rule 702—"goes primarily to relevance," *Daubert* v. *Merrell Dow Pharms., Inc.*, 509 U.S. 579, 591 (1993). Because the excluded expert testimony would not have addressed a factual matter, it was irrelevant and therefore inadmissible under the rules of evidence.[6]

In arguing the contrary, EchoStar asserts that the fact of consequence to which Dr. Polish's testimony related was "whether the claims are being applied consistently." Pet. 26. EchoStar's careful choice of words warrants close scrutiny. EchoStar presumably uses the word "applied" because that is how the jury's task of comparing the construed patent claims to the allegedly infringing products is sometimes described. *See, e.g., Elbex Video, Ltd.* v. *Sensormatic Elecs. Corp.*, 508 F.3d 1366, 1370 (Fed. Cir. 2007) ("A determination of infringement is a two-step inquiry: first, the claims are construed [by the court], and second, the properly construed claims are applied [by the jury] to the accused devices."). But the "core patent principle" that EchoStar repeatedly invokes—consistency of the construction used to test both infringement and validity—concerns the legal issue of claim construction, not the

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[6] Even if the Federal Circuit's decision could be read as imposing a "categorical rule," therefore, the rule would simply be that—as the Federal Rules of Evidence dictate—expert testimony at trial about the "purely legal" issue of claim construction, *Markman*, 517 U.S. at 391, is irrelevant and thus inadmissible because it does not concern any fact of consequence.

factual issue of application. What the principle teaches, in other words, is that patent claims must be given the same *meaning* for infringement and validity purposes.

The petition itself acknowledges this point several times, both in the language it uses, *see* Pet. 3 (referring to "a fundamental tenet of patent law: that the *reading* of the claims ... must be consistent" for infringement and validity (emphasis added)); Pet. 7 ("A patent claim must be *construed* consistently for these two purposes[.]" (emphasis added) (other emphasis omitted)); Pet. 26 (similar), and in the cases it cites, *see Amgen Inc.* v. *Hoeschst Marion Roussel, Inc.*, 314 F.3d 1313, 1330 (Fed. Cir. 2003), *quoted in* Pet. 30 ("[C]laims are construed the same way for both invalidity and infringement[.]"); *Amazon.com, Inc.* v. *Barnesandnoble.com, Inc.*, 239 F.3d 1343, 1351 (Fed. Cir. 2001), *cited in* Pet. 18 (similar). EchoStar's careful phrasing notwithstanding, then, Dr. Polish's testimony—focusing on "Dr. Gibson's view of the claims," Pet. App. 45a—would indeed have related to the legal issue of claim construction. It thus did not pertain to any "fact that is of consequence" under Rule 401, and was properly excludible as irrelevant.

Furthermore, Dr. Polish's testimony would have created a substantial danger of jury confusion by incorrectly suggesting to the jury not only that Dr. Gibson had deviated from the court's claim construction, but also that it was the jury's role to construe the claims, rather than simply to apply the district court's claim construction. *See* Pet. App. 45a (referring to the danger of jury confusion). Even had the testimony been

relevant, then, its exclusion would have been proper under Rule 403.[7]

As this discussion demonstrates, there is no merit to EchoStar's generalized assertion that the Federal Circuit in this case departed from the decisions of other courts of appeals by "disregard[ing] the standards of relevance and admissibility under Rules 401, 402, and 403." Pet 24 (capitalization altered). To the contrary, the Federal Circuit's decision is entirely faithful to those rules—and likewise to this Court's "admonition" (Pet. i) that the rules apply the same way in patent cases as in others.

c. EchoStar contends finally (Pet. 32) that although claim construction is a legal issue for the court, "it is for the jury to apply the claim construction and decide the ultimate issues of infringement and validity," and juries, no less than judges, need expert assistance in doing so. These points do not help EchoStar. Juries do frequently require expert assistance in deciding the factual questions of infringement and validity (and here such assistance was provided). But that does not mean that experts should be allowed to testify before the jury about a "purely legal" issue (claim construction) that the jury does not decide. *Markman*, 517 U.S. at 391. Like the other experts who testified in this

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[7] EchoStar asserts (Pet. 28) that Rule 403 could not bar Dr. Polish's testimony because similar testimony had already been introduced by TiVo. As discussed, however, *see supra* page 9, Dr. Gibson offered no testimony regarding claim construction—and if he had then EchoStar's remedy would have been to object, not to accede to its admission and later demand the right to "clarif[y]" (Pet. 28) Dr. Gibson's testimony with improper testimony from Dr. Polish.

case, Dr. Polish was permitted to speak to the jury about the factual matters before it. He was prevented from addressing only a legal issue that was not the jury's concern.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

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In The
Supreme Court of the United States

ECHOSTAR COMMUNICATIONS CORPORATION, ET AL.,

Petitioners,

v.

TIVO, INC.,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

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REPLY BRIEF FOR PETITIONERS

A. The Federal Circuit Did Adopt A Categorical Rule—It Is A Patent-Specific Evidentiary Rule That Departs From The Standards Set Forth In The Federal Rules Of Evidence

1. Respondent is wrong in its claim that the Federal Circuit did not "adopt any 'categorical'" rule when it precluded petitioners from introducing critical and otherwise admissible expert testimony. Br. in Opp. 5. The Federal Circuit explicitly held that what an expert in a patent infringement case "must" do is "[compare] the construed claims to the prior art." Pet. App. 44a-45a (quoting *Helfix, Ltd. v. Blok-Lok, Ltd.*, 208 F.3d 1339, 1346 (Fed. Cir. 2000)). Based on that rule of law, the court of appeals then held that there was no error when petitioner's expert was "*prohibited* from testifying about how the prior art related to [respondent's infringement expert's] view of the claims." Pet. App. 45a (emphasis added) (internal quotation marks omitted). This ruling categorically restricts expert witness testimony in patent infringement cases to a narrow issue, and excludes otherwise admissible evidence.

Respondent's only response to this unequivocal holding is its weak contention that the Federal Circuit was "merely describ[ing] the district court's ruling on the issue" in this aspect of its opinion. Br. in Opp. 6. But that is not so. The court of appeals' decision states a clear legal rule—what the "expert must compare" in his testimony, Pet. App. 45a—and

then describes what specifically an expert is "allowed" to and "prohibited" from testifying about under that rule, *ibid.*

Moreover, even the most cursory review of the ruling below demonstrates that the court of appeals recitation of the district court's ruling is set forth in the immediately *preceding* paragraph, which is the first paragraph in part IV of the opinion (Pet. App. 44a) and not in the next paragraph of that part that respondent cites as merely descriptive (Br. in Opp. 6), which is, in fact, the court's holding (Pet. App. 44a-45a).[1] Of course, the Federal Circuit also noted that it "agree[d]" with the district court's rule (first paragraph of part IV) that an expert witness "should be limited to the Court's claim construction and the prior art, not the criticism of [the other side's witness's] report or previous testimony." *Id.* at 44a.[2]

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[1] Respondent *concedes* as much elsewhere in its brief, noting that while the "first paragraph describes EchoStar's argument and the district court ruling," "the second explains why" the Federal Circuit held that ruling was not wrong. Br. in Opp. 2.

[2] In its attempt to evade the ruling below, respondent repeatedly clings to the Federal Circuit's single reference to the "abuse of discretion" standard, as if *that* demonstrates that no categorical rule was adopted. Br. in Opp. i, 2, 5 (referring to the standard of review four times). But the court of appeals' unremarkable reference to the abuse of discretion standard merely reflects the standard of review to which *every* district court evidentiary ruling is subjected. *General Elec. Co. v. Joiner*, 522 U.S. 136, 141 (1997). And, while that standard affords deference to the district court, it is well settled that an error

(Continued on following page)

2. Respondent's argument that the Federal Circuit adopted no categorical rule also is belied by the great lengths to which respondent goes to defend it. Br. in Opp. 7-13.

Respondent contends that *Markman v. Westview Instruments, Inc.*, 517 U.S. 370 (1996), justifies the ruling below because *Markman* makes petitioners' proffered expert testimony inadmissible. Respondent is wrong for two reasons. And respondent's contrary arguments only demonstrate the need for this Court's review.

First, as discussed below (Part C *infra*), petitioners' argument is not "a thinly disguised assault on *Markman*'s holding." Br. in Opp. 8. It is well settled that overly precise claim construction orders invade the providence of the trier of fact. *see* 5A Donald S. Chisum, *Chisum on Patents: A Treatise on the Law of Patentability, Validity and Infringement* § 18.03[1][b], at 18-93 to 18-94 (2007), and, thus, a jury must have some latitude when it applies the trial court's interpretation of the claims and decides the ultimate questions of infringement and invalidity. *See also* Pet. 32. But that latitude cannot be exploited to permit a patent plaintiff to twist the claims to both avoid anticipation and to capture infringement. *Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239

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of law, such as the application of a categorical rule of inadmissibility, is an abuse of discretion. *Zervos v. Verizon New York, Inc.*, 252 F.3d 163, 168-169 (2d Cir. 2001).

F.3d 1343, 1351 (Fed. Cir. 2001); *see also Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 535 U.S. 722, 727 (2002).

Indeed, in the instant case, the excluded expert testimony that petitioners sought to introduce conclusively demonstrated that the applications by respondent's experts of the '389 patent claims were contradictory with respect to infringement and invalidity, notwithstanding the fact that their experts' applications of the claims to the accused device or prior art, when viewed independently, might both be consistent with the district court's claim construction order.[3]

Second, respondent makes no effort to reconcile its argument with this Court's holding in *Daubert v.*

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[3] Rather than address the inconsistency in its opposition to *certiorari*, respondent asserts that petitioners' expert could not have testified as to the inconsistency in the testimony of TiVo's experts because "Dr. Polish testified *before* Dr. Storer did * * * so * * * Dr. Polish could not have testified about 'contradictions' between Dr. Storer's testimony and Dr. Gibson's." Br. in Opp. 4-5 n.3. That simply is not the case. Petitioners knew of the inconsistency before trial—from depositions and expert disclosures. Petitioners' counsel specifically identified the conflict as a basis for Dr. Polish's testimony *before* Dr. Polish took the witness stand. Tr. Apr. 10, 2006 morning sess., at 4:10-20 (p). Moreover, petitioners made the point again when it submitted an offer of proof to the district court before Dr. Storer testified, identifying and arguing against the inconsistencies between respondent's experts. *See* EchoStar's Offer of Proof Regarding Excluded Testimony of Dr. Nathaniel Polish, Ph.D (No. 2-04cv01 Apr. 10, 2006).

Merrell Dow Pharmaceuticals, Inc., 509 U.S. 579 (1993), which broadly dictates that expert testimony is admissible so long as it satisfies the Federal Rules of Evidence. Pet. 20-24 (discussing how the federal courts of appeals have disfavored categorical rules excluding expert testimony since *Daubert*).

As discussed above and in greater detail in the petition (Pet. 26-27), the excluded expert testimony unquestionably made a fact of consequence—*viz.*, the *fact* of infringement or the *fact* of invalidity—either more or less probable. *Daubert*, 509 U.S. at 587; Fed. R. Evid. 401. Petitioners' expert testimony would have demonstrated to the trier of fact that if the claims were applied to the prior art, as respondent's infringement expert Dr. Gibson applied them to petitioners' accused devices, then the '389 patent would be invalid, a question that the Seventh Amendment requires the jury to decide in a patent infringement action for damages (here, damages of $73 million were awarded). *Kemin Foods, L.C. v. Pigmentos Vegetales del Centro S.A. de C.V.*, 464 F.3d 1339, 1349 (Fed. Cir. 2006). *Daubert* requires no more for reliable expert testimony to be admissible.

Moreover, the ruling below contradicts one of the key rationales that undergird the Court's decision in *Daubert* to permit the greater introduction of expert testimony—that expert testimony (such as respondent's expert testimony) would be tested by "[v]igorous cross-examination" and the "presentation of contrary evidence." *Daubert*, 509 U.S. at 596. As such, even if respondent was somehow correct that

petitioners' expert testimony was not independently relevant to a factual issue in dispute, it was still admissible (and thus should not have been subject to a categorical rule of inadmissibility) to attack the credibility of respondent's experts. *Ibid.* Indeed, the credibility of the testimony of respondent's expert Dr. Gibson was critical to the court of appeals' resolution of the instant dispute. Pet. App. 40a-41a.

B. This Case Is An Excellent Vehicle To Address The Question Presented And There Was No Waiver

1. Unable to disprove the existence of a categorical rule in the Federal Circuit's ruling, respondent proffers an incorrect waiver argument.

Respondent is wrong that petitioners "never alleged" that they were prohibited from introducing evidence of respondent's contradictions with respect to the application of the claims as to infringement and validity. Br. in Opp. 3. Petitioners' brief before the Federal Circuit devoted an entire section to the issue, with a heading entitled: "EchoStar Is Also Entitled to a New Trial on Validity and Infringement Because of the District Court's Erroneous Refusal to Allow Dr. Polish to Show That the Claims Could Not Be Both Infringed and Valid." EchoStar C.A. Br. at 67.

Petitioners explicitly argued that their expert, Dr. Polish, was prohibited from introducing "relevant" evidence that would have explained "that the claims

of the '389 patent would be invalid if applied to the prior art in the same way TiVo applied them to EchoStar's DVRs," even though "the claims must be construed the same way for both infringement and validity." *Ibid.* (citing *Amazon.com*, 239 F.3d at 1351).[4] Indeed, it was in response to these very arguments that the Federal Circuit adopted its categorical rule that this Court should now review.[5]

2. This case presents an ideal vehicle for the Court to review the question presented. Respondent makes almost no effort to refute the clear prejudicial effect the ruling below had on the instant dispute. Respondent fails to dispute *any* of the inconsistencies that petitioners identified. Pet. 11-12. Nor can respondent show that the outcome would have been the same had the excluded testimony been admitted. Because respondent cannot refute the case-altering effect of the ruling below on the instant case resulting in a $73 million verdict and permanent injunction,

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[4] It is of no moment that petitioners' petition for rehearing did not focus upon the question presented. No rule of this Court requires a properly preserved argument to be raised on rehearing.

[5] Respondent implies that the question presented is waived because "EchoStar did not challenge the validity of any of TiVo's patent claims in the court of appeals." Br. in Opp. 4 n.2. Even putting aside the fact that petitioners clearly appealed the issue of infringement, that argument overlooks the relief requested. Because petitioners are entitled to a new trial due to the unlawful application of a categorical rule of exclusion of evidence, petitioners will be permitted to raise both infringement and invalidity on remand.

resolution of the question presented will require only an analysis of the legal rule adopted by the Federal Circuit and not a detailed examination of the technology at issue in the underlying dispute.

It is telling that respondent fails to counter the significant and unquestionable effect that the ruling below will have on patent litigation more broadly. As the petition and this case more generally demonstrate (Pet. 30-31), the Federal Circuit's patent-specific evidentiary rule lowers the bar for patent plaintiffs throughout the nation. Such plaintiffs can now present inconsistent testimony with respect to infringement and validity, and patent infringement defendants are foreclosed from identifying for the jury just how those inconsistencies affect the fact of infringement or invalidity, even though expert testimony is viewed as essential to avoid juror confusion in patent infringement actions. *Centricut, LLC v. Esab Group, Inc.*, 390 F.3d 1361, 1369-1370 (Fed. Cir. 2004), *cert. denied*, 546 U.S. 814 (2005).

Accordingly, this case presents a clear legal issue as to whether patent-holding plaintiffs can have their cake (a valid patent avoiding prior art) and eat it too (infringement recovery against technology that shares properties of that same prior art), and whether such a result runs counter to the century old axiom of patent law that "[a] patent may not, like a 'nose of wax,' be twisted one way to avoid anticipation and another to avoid infringement." *Amazon.com*, 239 F.3d at 1351 (quoting *Sterner Lighting, Inc. v. Allied*

Elec. Supply, Inc., 431 F.2d 539, 544 (5th Cir. 1970)); *White v. Dunbar*, 119 U.S. 47, 51 (1886).

C. Resolution Of The Question Presented Will Not Require This Court To Revisit Or Overrule *Markman v. Westview Instruments, Inc.*

1. As a last resort, respondent incorrectly argues that the excluded testimony of petitioners' expert Dr. Polish "had no place at trial" because *Markman* precluded introduction of the testimony. Br. in Opp. 8.

First, as the petition demonstrates (Pet. 29-30), *Markman* announced no evidentiary rule, and there is otherwise no constitutional provision, congressional enactment, or federal rule of evidence or procedure that would justify the exclusion of petitioners' expert testimony (as required by Rule 402 of the Federal Rules of Evidence).

Second, the introduction of the excluded testimony would not have undermined *Markman*. Although a trial court must construe patent claims, the fact-finder must apply the court's construction and determine whether the claims are infringed. Accordingly, consistent with *Markman*, two different finders of fact relying on the same claim construction can properly reach different conclusions regarding infringement when they apply the same properly construed claims to the accused device. *See Kemin Foods*, 464 F.3d at 1349 (after the court construed a claim limitation to require "significantly less than

10% of other carotenoids," the question of whether the concentration of "other carotenoids" in the accused products was low enough to infringe was properly left to the jury); *see also PPG Indus. v. Guardian Indus. Corp.*, 156 F.3d 1351, 1355 (Fed. Cir. 1998) (explaining that this possibility is "a necessary consequence of treating infringement as a question of fact" and it "does not mean that the claim was improperly construed as an initial matter").

2. The effect of this principle is evident from the decision below. Respondent's contention that its expert Dr. Gibson did not himself opine regarding the meaning of claim terms is not only beside the point, it is pure fiction. For example, the district court construed the phrase "transform object," but in doing so, it did not define the term "transform."[6] Dr. Gibson employed a different meaning of "transform" when he testified on petitioner's behalf that the claims were infringed than did petitioner's expert Dr. Storer when he testified that the claims were valid. *See* Pet. 11-12; *see also ibid.* (describing how "simultaneous storage and playback" was satisfied with respect to infringement because the accused devices record one

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[6] Respondent's suggestion (Br. in Opp. at 2 n.1) that unconstrued claim terms appeared only in hardware claims 1 and 32, upon which petitioners prevailed, is false. The term "transform object" appears in the patent's software claims on which the Federal Circuit ruled in respondent's favor. Pet. App. 30a-31a. More significantly, respondent overlooks the fact that petitioners' expert testimony would have directly undermined the credibility of respondent's expert. *Daubert*, 509 U.S. at 596.

program and play back a different program at the same time even though the prior art did just that). And petitioners' expert Dr. Polish was not permitted to point out that respondents were trying to benefit from a broad application of the patent claims for purposes of infringement and a narrow one for purposes of validity.[7]

3. In all events, the excluded expert testimony would have served the very principles that underlie

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[7] Respondent claims (Br. in Opp. at 6 n.4) that the district court allowed "much" of the evidence and argument that EchoStar claims was improperly excluded. But after presumably scouring through the entire record, respondent can identify only *one* reference to Dr. Gibson by Dr. Polish (Br. in Opp. at 6 n.4 (quoting Tr. Apr. 10, 2006 morning sess., at 15)), and that quote only identifies that Dr. Polish examined Dr. Gibson's analysis. It does not, because petitioners were prohibited from doing so in detail, say that Dr. Gibson's infringement analysis would lead the '389 patent to be invalid.

Moreover, the allowance of summary statements by counsel is no substitute for detailed testimony regarding specific claim limitations by a qualified expert; counsel statements are *not* evidence upon which the jury can rely. Threatened with sanctions by the district court (Tr. Apr. 10, 2006, morning sess., at 84:5-85:3), Dr. Polish largely abandoned his prepared testimony and graphics in order to avoid reference to Dr. Gibson's testimony. Further exploiting the district court's ruling, respondent's counsel stated in closing argument that Dr. Polish actually *agreed* with Dr. Gibson's analysis. Tr. Apr. 13, 2006, at 67:14-68:3. Because the district court did not allow Dr. Polish to explain that he was adopting Dr. Gibson's analysis solely to show that it rendered the claims invalid, respondent was allowed to tell the jury that Dr. Polish sided with respondent on the issue of infringement.

Markman. This Court cited "the importance of uniformity in the treatment of a given patent" as a reason to allocate the task of claim construction to the court rather than to juries. 517 U.S. at 390. Prohibiting expert testimony regarding another expert's interpretation of a patent's claims undermines this uniformity goal by making it easier for patent plaintiffs to wrongfully manipulate their patent one way for purposes of infringement and the other for purposes of validity. *Amazon.com*, 239 F.3d at 1351. If expert witnesses are restricted to referring to the court's construction alone, an accused infringer cannot defend against this tactic and the patentee's rights are improperly expanded.[8]

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[8] Respondent argues that petitioners' testimony "would have created a substantial danger of jury confusion." Br. in Opp. 11. But cross-examination and the introduction of counter expert testimony, not the wholesale exclusion of the challenged expert testimony, is the appropriate response to a concern of jury confusion. *See, e.g.*, *United States v. L.E. Cooke Co.*, 991 F.2d 336, 343 (6th Cir. 1993); *Wilmington v. J.I. Case Co.*, 793 F.2d 909, 920 (8th Cir. 1986).

CONCLUSION

For the reasons set forth above and in the petition for a writ of *certiorari*, the petition for a writ of *certiorari* should be granted.

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